Death as a salesman
US advertisers break the taboo
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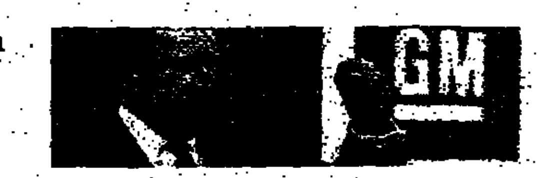

General Motors
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Time Warner
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The new utopias shaping Europe
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FINANCIAL TIMES

Thursday April 30 1992 EUROPE'S BUSINESS NEWSPAPER D 8523A

Ford profit points up recovery in US car market

Ford Motor underscored the gradual recovery under way in the US vehicle market when it reported its first profit since the third quarter of 1990.

The news follows the announcement by General Motors, biggest US vehicle manufacturer, of its first profit after six quarters of losses. Page 17

Danger flight: Shells were fired at the aircraft carrying Nawaz Sharif, Pakistani prime minister, into Kabul. He is the first foreign leader to visit the Afghan capital since the assumption of power by the Islamic mujahideen government. Page 4

CS Holding has deferred the flotation of part of Credit Suisse, Switzerland's third largest bank, because better than expected profits in 1991 will enable it to meet the country's stringent bank capital requirements. Page 18; Lex, Page 16

Villagers killed: The Tamil Tiger separatist group in Sri Lanka killed more than 55 Moslem and Sinhalese in an attack on an agricultural settlement. In retaliation, armed Moslems killed 50 Tamils in a nearby village. Page 5

Bangemann on the attack

EC industry commissioner Martin Bangemann (left), outlining Commission plans to make the European car and aircraft industries more competitive, attacked critics who claim he is tampering with the working of the free market. Mr Bangemann said some competition "ayatollahs" assumed that more competitors always meant more competition. Page 16

Trade dispute: President Bush slashed $60m worth of Indian products from the US duty-free preference scheme for poor countries in retaliation for India's continued refusal to provide patent protection for foreign pharmaceutical and chemical products. Page 16

Hershey Foods Corporation, one of America's biggest chocolate producers, is to acquire a 18.6 per cent stake in Freia Marabou, the leading Scandinavia confectionery group for NKr1.18bn ($179.4m). Page 17

Higher pay: Personal incomes continued to rise in the US last month, helping to fuel a modest revival in consumer spending. Page 6

Owning up: Alan Bond, bankrupt Australian entrepreneur, has debts and contingent liabilities of more than A$700m ($525m) and assets of just over A$1m, according to a statement of his financial affairs filed in the Federal Court. Page 5

Hope grows: Confidence among French industrialists is increasing, according to the latest official figures, fuelling hopes that the economy may recover momentum this year. Page 2

Shutdown: The Taiwan franchisee for McDonald's has closed its 57 outlets on the island after two bombs exploded in two of them, killing a policeman and injuring three people. Page 5

Higher taxes: Ontario's beleaguered social democratic government is to raise taxes in a budget to be presented in Toronto today. Page 6

British Airways: The UK Civil Aviation Authority ruled against the carrier at a preliminary hearing over charges of anti-competitive practices. Page 9

Observers leaving: The European Community is pulling its observers out of northwest Bosnia because fighting has made it too dangerous, an official said. Earlier story, Page 2

Nestlé, world's largest food group, expects net profits to grow between 9 per cent and 10 per cent this year from last year's SFr2.47bn ($1.6bn). Page 17

Closer ties: The EC has been urged to offer the Maghreb countries of North Africa free trade and an intensified political dialogue as a means of encouraging stability and limiting migration across the Mediterranean. Page 4

Matra, French electronics and defence group, has cut its dividend from FFr8 ($1.43) a share in 1990 to FFr5.5 for 1991 after a sharp fall in profits attributed to tough trading conditions. Page 18

Holding firm: The European Commission still appears to be backing a mandatory EC-wide "carbon tax" but is leaning towards making it conditional on main industrial partners pledging similar action at the Earth Summit in Rio. Page 2

Extra help: Britain is increasing its drought aid for southern Africa by £20m ($35.4m), a month after pledging an initial £10m tranche. Page 4

The Markets

STOCK INDICES		
FT-SE 100:	2,564.9	(+13.9)
Yield	4.56	
FT-SE Eurotrack 100	1,174.59	(+4.98)
FT-A All Share	1,286.45	(+0.5%)
FT-A World Index	138.86	(+0.4%)
Nikkei	closed	
New York:		
Dow Jones Ind Ave	3,333.18	(+25.26)
S&P Composite	412.02	(+2.91)
US CLOSING RATES		
Federal Funds:	3¾%	(3⅞%)
3-mo Treas Bills: Yld	3.787%	(same)
Long Bond	99⅞	(99⅞)
Yield	8.059%	(8.047%)
LONDON MONEY		
3-mo Interbank	10⅛%	(10⅛%)
Liffe long gilt future:	Jun 95¾	(same)
NORTH SEA OIL (Argus)		
Brent 15-day June	$19.20	(19.075)
Gold		
New York Comex May	$336.1	(337.2)
London	$336.85	(337.0)

STERLING		
New York		
$	1.7725	(1.7768)
London:		
$	1.7765	(1.775)
DM	2.9325	(2.9375)
FFr	9.8675	(9.91)
SFr	2.6925	(same)
Y	236.25	(236.5)
£ Index	92.5	(92.4)
DOLLAR		
New York		
DM	1.6575	(1.65385)
FFr	5.586	(5.5765)
SFr	1.5215	(1.516)
Y	133.45	(133.15)
London:		
DM	1.6505	(1.6555)
FFr	5.565	(5.5825)
SFr	1.5205	(1.517)
Y	133.45	(133.25)
$ Index	64.9	(64.8)
Tokyo market closed		

Austria	Sch30	Hungary	Ft182	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1,600	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr65	India	Rs20	Neth	Fl 3.60	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3600	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£5.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Peo45	Turkey	L8000
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.20	Lebanon	L£1,250	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

Kohl faces call for stronger leadership and cuts in social spending

Möllemann fuels crisis in German coalition

Klaus Kinkel (left) and Jürgen Möllemann, nominated for the posts of, respectively, foreign minister and vice-chancellor of Germany, arrive for yesterday's cabinet meeting in Bonn

By Quentin Peel in Bonn

CHANCELLOR Helmut Kohl was under mounting pressure yesterday as west German's public sector workers stepped up their strikes and his future deputy chancellor urged stronger leadership *and drastic* budget cuts.

The call, from Mr Jürgen Möllemann, *the current economics minister who* has just been nominated as deputy chancellor, fuelled the bitter feuding between the parties that make up Germany's ruling coalition.

The recriminations followed Monday's dramatic decision by Mr Hans-Dietrich Genscher to *resign as foreign minister and* deputy chancellor – and disagreements within the government over his successor.

Mr Mölleman demanded cuts in social spending, an area which Mr Kohl has specifically ruled out for savings.

At the same time the Bavarian Christian Social Union (CSU), sister party of Mr Kohl's Christian Democratic Union (CDU), bitterly criticised Mr Möllemann and his Free Democrats (FDP) for upsetting the coalition, and urged Mr Kohl to carry out a drastic reshuffle of the government.

The opposition Social Democrats (SPD), taking advantage of the obvious confusion in government ranks, called for elections *two years ahead of time.*

The FDP yesterday attempted to close ranks after a revolt by its members of parliament, who rejected their leaders' nomination of Mrs Irmgard Schwaetzer as new Foreign Minister, and substituted Mr Klaus Kinkel, the present Justice Minister.

At the same time the party is insisting on Mr Möllemann as its candidate for deputy chancellor, although he is unpopular with the coalition partners. The CSU believes that job should now go to Mr Theo Waigel, its leader and the current Finance Minister.

Mr Möllemann has chosen just this moment to launch a new offensive against the government's spending plans, delivering *a 18-page paper to Mr Waigel calling* for drastic cuts, including in social spending, according to today's issue of the independent Süddeutsche Zeitung.

Mr Möllemann demanded urgent action to raise more cash by privatising big state holdings like Lufthansa, the German airline, Deutsche Telekom, *the state* telecommunications monopoly, and the post office savings bank.

The report says that he wants calls common line from the Chancellor, the Finance Minister and his own Economics Ministry on his proposed cuts, including social spending.

Last night the party and parliamentary leaders of the three coalition partners were meeting *to try to resolve their outstanding* differences, including the question of *budget strategy* in the coming months. No announcement was expected from the talks.

Mr Möllemann also called for "strong political leadership" in Bonn, the newspaper said, clearly *implying weakness in the Chancellor.*

The *timing of his initiative has* fuelled speculation that the FDP may be seeking a confrontation with its coalition partners, given the sliding popularity of the government in the opinion polls and the ever-more unpopular costs of paying for unification with eastern Germany.

In his paper Mr Möllemann *argues that the budget faces* increased charges totalling billions *of D-marks from compensation* costs related to unification - DM10bn in 1993, DM15bn in 1994, and DM25bn in 1995.

Mr Kohl also faces serious discontent in the CSU, whose leader, Mr Waigel, does not appear to have *been seriously consulted* over the whole Genscher succession.

Mr Peter Struck, the SPD parliamentary group manager, said there was one simple answer to the crisis in the coalition: New elections.

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Strikes focus on business and industry

By Christopher Parkes in Bonn

WESTERN Germany's public service unions yesterday stepped *up their pressure on business and* industry while changing strike tactics to avoid antagonising the public.

As about 130,000 private sector engineering workers joined the fray with token protest stoppages in the south, rubbish collectors struck for the first time and local transport strikes *spread south to* Hesse, home to Frankfurt, the *national financial centre.*

There were no signs of a break in the deadlock, blamed on the employers' refusal to increase their 4.8 per cent pay offer, although some easing of the disruption is likely today as the country winds down for the long May Day weekend.

During a cursory cabinet discussion yesterday, *Chancellor* Helmut Kohl reminded colleagues *of the importance of* sending the correct signals to the private sector by keeping public service pay under control, and won agreement for a two-year freeze on ministerial pay.

According to the ÖTV union, main orchestrator of the first national public sector strike *since 1974, 215,000 people took* part in stoppages yesterday, up from 75,000 on Monday and 175,000 on Tuesday.

However, according to Mr Willi Mück, the union's deputy president, action would be reduced today "from Wednesday's peak". Disruption of local transport would be limited to specific areas, *including the industrial* and financial centres of Hesse, and *North-Rhine Westphalia.*

Mr Rudi Schäfer, head of the GdED railway union, had said earlier that all local transport strikes, except that in North-Rhine Westphalia, would be suspended so that people would be able to travel over the holiday weekend and attend May Day *parades. But, he added, strikes on* long-haul lines would continue.

So far, the public services strike, largely limited to local transport and postal services, has failed to generate the widely forecast chaos. Even in North-Rhine Westphalia, the most densely populated state, the main effect has been traffic jams, to which *most inhabitants have been long-*inured.

*The unions have been meticu*lous in avoiding sensitive areas. "Striking" hospital doctors have merely refused to do their official form-filling. The ÖTV yesterday stressed that payment of state pensions would not be hampered.

However, with local transport stoppages expected to well up *again next week and rubbish* mounting in city streets, the impact on business could increase. City centre retail sales have already fallen by as much as 20 per cent a day.

Although many long-distance trains have kept running, the longer signal operators and locomotive service staff stay out, the *greater the cumulative disrup*tion.

About a quarter of all German manufactured goods are transported by rail. By yesterday morning, more than 100 goods trains were stuck in sidings.

Carmaker Volkswagen, which moves 75 per cent of its 10,000 daily output by rail, has hired double-decker rail transporters *from abroad to keep supplies* moving.

Stoppages at river ports and canal locks, important distribution points, are also expected to overload warehousing space.

Americans offered a telephone number for life

By Michiyo Nakamoto in London

AMERICANS are to be offered a personal telephone number for life, the perfect accessory for a nation whose citizens move house an average of 11 times.

AT&T, the US telecommunications group, will introduce in June a personal telephone number that will allow subscribers to be reached at any telephone in *the continental* US.

AT&T's Easy Reach 700 service provides subscribers with a personal identification number (Pin) which will be their own access number to the service.

By dialling 700, followed by a seven-digit number and their Pin, users can receive calls regardless of where they are. The number need not change even if the subscriber moves house.

The service should especially *benefit business people* who spend much of their time at meetings and gatherings far away from their office or home.

Although a similar service, call-forwarding, has been available for some years, the advantage of Easy Reach is not only that subscribers get a number *for life but also that they select* which calls they want to reach them at any particular *location.* The system can be programmed to forward only some calls, all calls or no calls at all.

All of this comes at a price, of course, and at $7 a month, the service will not be cheap for consumers used to receiving telephone numbers for free.

Each call, wherever *it is made* within the US, will cost 25 cents a minute between the peak hours of 8am and 5pm and 15 cents a minute at other times.

The idea of personal telephone numbers has been mooted in Europe as well but "most European countries see it as a holy grail," a *service they may* be able to provide in 10 years' time, as one telecommunications market researcher said.

Apart from the difficulties involved in managing the database over several countries while telecommunications services have not yet been unified, Europe still lacks the intelligent networking systems needed to *transfer calls to particular* numbers. In the meantime, AT&T is exploring international possibilities for its service.

Italcementi buys control of French rival for FFr6bn

By Alice Rawsthorn in Paris and Haig Simonian in Milan

ITALCEMENTI, Italy's largest cement company, is expanding its international operations by buying control of one of its chief competitors, Ciments Français, from Poliet, the French building materials group, for FFr6bn ($1.07bn).

The deal is the latest twist in the turbulent saga of Ciments Français, which was taken over by Poliet, part of Paribas, the powerful French financial group, last year. It also reflects the consolidation of ownership within the European construction mate*rials industry, at present* under intense pressure because of the economic *slowdown.*

The combination of Ciments *Français with Italcementi, which* dominates its domestic market, *will create one of the world's* largest cement groups with a combined workforce of 24,000 and joint annual output of 38m tonnes of cement.

The two companies are largely complementary. Ciments Français has expanded outside France to establish a presence around the Mediterranean, notably in Spain and North Africa. Italcementi has also expanded internationally through investments in Cyprus, Czechoslovakia – where it has bought two producers in recent *months – and the US.*

As part of the deal, Ciments *Français will stage a FFr5bn* capital increase to be underwritten by Paribas and Mediobanca, the Italian bank advising Italcementi. This will leave Italcementi with a direct holding of 30 per cent in Ciments Français. It will also have a two thirds interest in an additional 15 per cent held with Poliet, which will directly hold 15 per cent. Mediobanca will own 5 per cent with the remaining 35 per cent in public issue.

Italcementi is launching a L848bn ($520m) rights issue to help finance the purchase. Shareholders will be offered one new *ordinary or savings share, priced* at L5,000, for every two of the *respective category currently* held, raising L335bn.

A further L313bn will come from options on new non-convert*ible savings shares to be issued* as warrants linked to a Mediobanca bond for the company. The balance of the total purchase price of *about L1,660bn* will come from Italcementi's existing liquidity, which amounted to L854bn at the end of 1991.

World Stock Markets
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Meridien, Kempinski hotels to be merged

By Alice Rawsthorn in Paris

AIR FRANCE and Lufthansa *are* to create one of the world's largest luxury and business class hotel groups by merging their respective Meridien and Kempinski chains. The 80-hotel group, including the Hotel Kempinski in Berlin, will have annual sales of about $1bn and 25,000 employees.

Meridien is already a significant force in the business hotel market with 60 hotels worldwide and a strong presence in Asia, Africa and the Middle East as well as Europe. Kempinski is still *strongest in its native German* market, but has expanded into *Asia and North America.*

Air France will be the majority *shareholder* in the merged company, but the two airlines have *yet to finalise other details. The* hotels will retain their own names.

The merger marks another phase in the co-operative agreement between Air France and Lufthansa, which started in 1989. The two companies have since undertaken a number of joint projects including the construction of a new passenger terminal at Kennedy airport in New York.

The deal also forms part of the consolidation of the international hotel industry.

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Russia and Ukraine slip toward Slav 'cold war'

John Lloyd, Judy Dempsey and Chrystia Freeland on tensions over nuclear arms, the Black Sea Fleet and the Crimea

MR LEONID Kravchuk, the Ukrainian President, will not be a wholly welcome guest when he arrives in the US next week for meetings with President George Bush. He is seen as indulging in too much brinkmanship of the most dangerous kind in his relations with neighbouring Russia.

There is a knot of issues between the two Slav states. One part of that is now being discussed between representatives from both in the Ukrainian port city of Odessa – control of the Black Sea Fleet. Both states are vying for control over this 380-ship, 70,000-man navy, now largely militarily obsolete.

Marshal Yevgeny Shaposhnikov, the head of the Commonwealth of Independent States armed forces, said in Odessa yesterday that the talks would be "very difficult" and that Ukraine should have "at the maximum" 25 per cent of it. Nevertheless, that was a shift in the Russian position from one of claiming total control, and one which may make a compromise possible.

Beyond the fleet dispute, however, are larger issues, all of which have their roots in the dissolution of the Soviet Union in which the two states were the largest and most influential members, and in the subsequent explosion of nationalist sentiment on both sides of their borders. That sentiment puts such pressures on both President Kravchuk and President Boris Yeltsin of Russia that a broader compromise is increasingly difficult.

More important than the Black Sea fleet to both states is the Crimea, where the fleet is based. Until 1954, it was Russian territory: since then it has been Ukrainian, but the population is mainly Russian and in two months' time it is to vote in a referendum on the question of independence and of subsequent association with "another state" – presumably Russia.

Yesterday, Ukraine's parliament, in a move supported by a majority of deputies who it seems hope to avoid a referendum, proclaimed the Crimea as an "autonomous part of the Ukraine". However, almost half the 22 deputies walked out in protest, still demanding full independence.

Most important to the international community is control of the nuclear arsenal, both strategic and tactical.

No defence expert in Moscow or Kiev can give a precise figure of the tactical weapons in Ukraine – but a general estimate is of at least a thousand. Under an agreement with the CIS earlier this year, Ukraine said that these weapons would be moved to, and dismantled in, Russia by June 1992. The reductions form part of the Intermediate Nuclear Forces Treaty signed between Moscow and Washington in 1987.

At the beginning of March, the Kiev government stopped transferring the weapons after about half had been moved – on the grounds that it did not believe that Russia was dismantling them, and that Russia would use them to increase its own arsenal.

After many bilateral meetings between Ukrainian and Russian officials, both sides confirmed that the tactical weapons would start moving again – though on the Russian side, the foreign ministry has said it has "yet to see evidence of movement".

Moving the 176 strategic Intercontinental Ballistic Missiles (ICBMs) is proving still more difficult. Under the Start (Strategic Arms Reduction Treaty) agreement signed between the US and the former Soviet Union in Moscow in July 1991, the missile forces in the CIS must be cut from 9,700 to 4,900 by 1994. This includes 130 of the ICBMs stationed in Ukraine.

Ukraine has agreed to give up this number – but the status of the remaining 46 SS-24 ICBMs, with 10 warheads each, remains contentious.

Mr Kravchuk, in advance of his US visit, now insists on security guarantees from the West in return for their dismantling – citing "territorial claims" on Ukraine from Russia as the reason for his caution.

On the Russian side, Mr Andrei Kozyrev, the foreign minister, has doubts about Ukraine's commitment to a nuclear-free status. He and other Russian officials argue that Ukraine wants to retain the 46 ICBMs as a means of protecting its independence, and of securing a seat at the table where Start II will be negotiated.

"It is clear that the [first] Start treaty was a bilateral treaty between the US and the former USSR. Whether you like it or not, Russia... should be the one which will ratify that treaty. The question for us is how many nuclear states will emerge in the former USSR," said Mr Kozyrev.

"At the same time, Ukraine is demanding a status as a party to [ratifying] the Start treaty, [yet] it speaks of signing the Non-Proliferation Treaty as a non-nuclear state. This is a contradiction in terms," he added.

Mr Alexander Savelev, head of the independent Institute for National Security and Strategic Studies in Moscow, said: "The question of who should control the nuclear arsenal is seen by the Ukraine as a matter of prestige, compounded by a feeling that it still sees Russia as a threat to its independence. In this sense, these 46 ICBMs could be used as a bargaining chip."

Meanwhile, in Moscow, conservative deputies at the recent Russian congress tabled a motion questioning the legality of the decision by Mr Nikita Khrushchev, a former Soviet leader (and a Ukrainian), to transfer the Crimea from Russia to the Ukraine in 1954.

But the last thing Russian government officials and defence experts in Moscow want is any re-drawing of the internal borders of the former Soviet Union.

"Borders should not be changed in this period of transition. It is too dangerous. Where would it stop? The problem is the influence of nationalist forces in Russia who could push for these territorial changes," said Mr Alexei Pankin, deputy editor of International Affairs, the Moscow-based foreign policy journal.

The next few weeks should tell if compromises on the fleet, on Crimea and on possession of the weapons are possible: realistically, that is all the time both states have to broker a deal.

Beyond that, the pressures from nationalist forces, rising faster the more pronounced their economic crises become, will drown out moderate voices and force a retreat into armed camps to a position now becoming all too thinkable: a "cold war" between the Slav neighbours.

Prague takes leaf from EC tax book

By Ariane Genillard in Prague and Anthony Robinson in London

THE CZECHOSLOVAK federal parliament has adopted a series of new tax laws modelled on European Community practice which will broaden the tax base and put state finances on a sounder footing.

A whole raft of new taxes – including value added tax, personal and company income taxes, real estate taxes, inheritance and gift taxes, and environment taxes – come into effect from January 1, 1993. They will replace the former communist system which relied heavily on "profits taxes" levied on state-owned industry and turnover taxes which have proved increasingly difficult to collect.

The tax bills presented by Mr Vaclav Klaus, federal finance minister, set the corporate income tax rate at 45 per cent and maximum personal income tax rate at 47 per cent.

The federal parliament also recently approved a value-added tax of 23 per cent and a reduced, 5 per cent rate, on essential goods. The finance minister estimated the introduction of VAT would lead to a 7 per cent rise in prices next year while the general shift of the tax burden onto individuals and consumers will raise living costs substantially.

Joint ventures involving foreign partners will fall under the new tax structure from January 1, 1993, unless they have negotiated the currently-available two-year tax holiday. Joint ventures without this tax holiday now pay 40 per cent corporate tax instead of the 55 per cent rate paid by local enterprises.

The parliament also adopted a law regulating the private investment funds recently created to benefit from the country's privatisation programme. The law aims to protect citizens who have given their vouchers entitling them to shares of newly-privatised enterprises to such funds for management. It stipulates that funds must diversify their assets and cannot hold more than 20 per cent of any one company.

Shake-up urged in EC car and aircraft sectors

By Andrew Hill in Brussels

THE EUROPEAN Commission yesterday proposed improvements in research and training programmes for the EC aircraft and motor industries as the centrepiece of a series of suggestions for making both sectors more competitive internationally.

The long-awaited Commission documents – launched simultaneously by Mr Martin Bangemann, the industry commissioner - follow an examination of the state of the two industries. The Commission has concluded that neither industry is in crisis, but that both face big challenges over the next decade.

Companies hoping for more concrete financial support from Brussels are likely to be disappointed with the documents, however. In line with the broad industrial policy paper produced in December 1990, the Commission steers clear of specific funding commitments in both sectors, and aims instead to encourage the companies themselves to take action.

"The European automobile industry is certainly competitive, although it has some weak points," said Mr Bangemann yesterday. "These can take care of themselves if we provide the necessary accompanying measures."

In the automotive sector, the Commission believes that EC production will rise to 16m vehicles in the year 2000, compared with 13.7m in 1991. But at the same time, EC manufacturers face strong competition from their Japanese counterparts. The latter achieve double the EC's productivity rates with a younger workforce, according to the Commission, and will have full access to the European market from the end of the century under the terms of last July's EC-Japan agreement on imports. Aircraft manufacturers face a more varied series of challenges, according to the Commission, including a drop in military orders, dollar exchange rate fluctuation and fragmentation of Community research funding.

In the motor industry, the Commission's principal suggestions include:

- Improved co-operation on R&D between manufacturers, including greater emphasis, as in Japan, on exploiting the results of so-called "pre-competitive" research.
- A new emphasis on prevention rather than cure of unemployment, including improved on-the-job and general training schemes and greater collaboration between car-makers and training colleges to anticipate redundancies.
- Encouragement for the EC's 3,200 equipment manufacturers to collaborate in competing with Japan's more streamlined equipment sector.

In the aircraft sector, the main points include:

- A suggestion that there should be "substantial" Community support for research and technology in the EC's 1994-98 research programme, although no specific figure is mentioned.
- Establishment of a working group to examine ways of coping with exchange rate fluctuation, which could include a self-financed exchange rate guarantee scheme.
- Improved training, and greater co-operation with east European aircraft manufacturers.

CARBON TAX MAY BECOME BINDING

The European Commission still appears to be backing a mandatory EC-wide "carbon tax" to reduce energy pollution, but leaning towards making it conditional on main industrial partners pledging similar action at the June "earth summit" in Rio, David Buchan reports from Brussels.

The EC executive yesterday debated the controversial tax – strongly opposed by industry but championed by environmentalists – but postponed a decision because too many of its 17 members were absent.

Most of those present were said to favour a binding tax on fossil fuels, which like all EC fiscal measures must get unanimous approval of the 12 governments, on condition that countries such as the US and Japan match it. The EC accounts for 13 per cent of the world's carbon dioxide emissions, the US 23 per cent and Japan 5 per cent. Brussels is also weighing proposals to encourage energy saving and efficiency and to promote renewable sources of energy.

A Croatian soldier takes cover behind a car during a street battle with Serbian forces in Mostar, Bosnia.

European Community struggles to get peace talks started in Lisbon

Fighting intensifies in Bosnia

By Laura Silber in Belgrade and Patrick Blum in Lison

THE SECURITY situation in the newly independent, former Yugoslavian republic continued to deteriorate yesterday as the leaders of Bosnia's three national communities gathered in Lisbon for European Community-sponsored peace talks.

EC observers stationed in three towns were recalled to their headquarters for consultations but also because their security could no longer be guaranteed.

Leaders of Bosnia's Slavic Moslems, Serbs and Croats appear to agree only that the urgent despatch of United Nations peacekeepers could curb the violence; beyond that, the warring factions remain as far apart as ever.

In Lisbon, preliminary bilateral talks continued into the evening, with the opening of full discussions being continually delayed. Officials hoped the arrival of Mr Aliza Izetbegovic, Bosnia's Moslem president, would be the beginning of substantive talks, but prospects were dimmed when he said he could only be there for one day.

"I have come here to explain the situation... to the European Community," he said, "I cannot be absent from the state for more than one day."

Funding the UN peace-keeping force in Croatia created serious problems for the secretariat in New York and the international community have indicated their considerable reluctance to become involved still further in this seemingly intractable Balkan crisis.

Meanwhile, the EC and the US appear to have backed down from warnings to Serbia of political and economic isolation for its role in destabilising Bosnia. Instead, they appear to have given President Slobodan Milosevic leeway to try to stop the fighting by bringing paramilitary units to heel. Diplomatic pressure on Mr Milosevic eased somewhat when the US revised its position and placed part of the blame for the violence on Croatia, which it suspects of aiming to divide Bosnia with Serbia.

Economic sanctions, it is argued in Belgrade, risk strengthening support for Mr Milosevic by bolstering popular resentment of "western interference". Many fear further detoriation of the economy would give rise to an ultra nationalist administration. Sanctions would also hurt the already hard-hit economies of Bosnia and the independence-seeking Macedonia.

Hunger already threatens Bosnia's 4.35m inhabitants for the first time since the second world war. Serb road blocks have all but stopped the transport of foodstuffs and relief supplies. Serbia has banned most exports of food to Bosnia. Factories, not yet damaged by war, have had to cut production for lack of raw materials.

At least 350 people have been killed in the fighting over Bosnian independence. The UN High Commissioner for Refugees says each day 20,000-30,000 refugees flee war-torn towns bringing the total to 420,000 refugees in the last six weeks of fighting. Towns are being destroyed. At least eight people were killed overnight in Mostar, southern Bosnia, after four days of bombardment by the federal army.

Serb irregulars backed by the federal army have seized about half of Bosnia's territory. The continuing violence indicates their refusal to accept an agreement reached through EC-brokered talks.

General Blagoje Adzic, the acting federal defence minister, sent a letter yesterday to Mr Alija Izetbegovic, Bosnia's president, refusing to withdraw from the republic, claiming the army represented more than 30 per cent of the population – the Serbs. Serb leaders from Banja Luka, the capital of the self-proclaimed Serbian Krajina in Bosnia, have said they will prevent "a single bullet" from leaving the region in the event of an army withdrawal.

A PORTUGUESE spokesman said yesterday that European Community recognition of the new Yugoslav republic would depend on its fulfilling three basic conditions, writes Patrick Blum in Lisbon. It would have to withdraw its troops from all neighbouring states, accept the terms of the peace conference aiming to reach a peaceful solution to the conflict, and show willing to negotiate with all the other states of the former Yugoslav republic on the division of its assets and liabilities.

Poles told of threat to growth

By Christopher Bobinski in Warsaw

ANY loosening of Polish monetary policy this year would dash hopes of reversing a two-year recessionary trend, the government's Central Planning Office (CUP) warned yesterday as the government prepared for a new round of talks with the International Monetary Fund on a suspended a $1.6bn extended facility.

Mr Jerzy Eysymontt, responsible with Mr Andrzej Olechowski, finance minister, for economic policy, said yesterday that positive first quarter trends suggested the economy could bottom out to produce zero growth this year after an 8 per cent fall in gross domestic product last year, and a 15 per cent fall in 1990.

If budgetary and other monetary targets were adhered to exports should grow by 6 per cent and imports fall by 3 per cent to give a trade surplus of around $500m, he added.

However, the CUP warned that if the budget deficit were allowed to exceed the 5 per cent of GDP limit or the government bowed to union pressure for higher wages, GDP could fall a further 5 per cent.

French industrialists feel more confident

By Alice Rawsthorn in Paris

CONFIDENCE among French industrialists is increasing, according to the latest official figures, fuelling hopes that the economy may recover momentum later this year.

While France's economy has not suffered to the same extent as that of other countries, its growth rate has slowed over the past year, reflecting the impact of high interest rates on domestic demand and the effect on exports of recession in other countries.

Insée, the state statistics institute, yesterday confirmed that the economy had grown by just 1.2 per cent in 1991, compared with 2.2 per cent in 1990 and 4.1 per cent in 1989.

However, the institute's survey of industrial confidence suggests that there are already signs of improvement, particularly in export markets. Industrialists questioned expected the overall level of demand to stabilise over the next few months after falling since October 1990.

Confidence was strongest on the export front, where growth of 3 per cent was predicted. The car industry and other areas of the transport sector (apart from airlines and aerospace) were also confident of recovery in the domestic market.

However, respondents did not expect to see an alleviation of the financial pressures on their companies. The cost of production rose by about 0.2 per cent in the first quarter of this year and was expected to rise again, by 0.2 to 0.4 per cent, over the next few months.

Pledge to cut total of long-term jobless

By Ian Davidson in Paris

THE French government yesterday committed itself to bring down long-term unemployment, which now accounts for some 920,000 out of the jobless total of 2.8m.

Meanwhile, the budget ministry indicated partial privatisations of state-owned companies should bring in an extra FFr10bn (£1bn) which could be channelled into the attack on unemployment. But the ministry did not specify which companies might be earmarked.

The unemployment plan, described in yesterday's cabinet meeting by Prime Minister Pierre Bérégovoy as "unprecedented", will ensure every long-term unemployed person will be interviewed between now and October, and offered a job, a training or some form of community service. The government believes about a quarter of those unemployed for over a year have some qualification which should help find them a job fairly quickly, while another 20-25 per cent need extra training. Some of the least qualified could be offered part-time community service work at a minimum wage.

- Mr Georges Pébéreau, president of Marceau, the French property company, has been charged with failure to disclose adequate information to the French stock market authorities on share dealings during his company's raid on Société Générale, the French bank, in 1988. Six other people have been charged with insider dealing during the raid, including Mr Jean-Charles Naouri, a former senior adviser to Mr Pierre Bérégovoy.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No. 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Neat deal could be an own goal for Bonn

Kohl may appear calm in the Genscher aftermath, but has little reason to be so, writes Quentin Peel

SOME would say it was a triumph of German democracy.

A neat deal worked out in smoke-filled rooms, to ensure a smooth transition after the sudden resignation of Mr Hans-Dietrich Genscher, the grand old man of German foreign policy, was dramatically unpicked in five hours of stormy debate by a group of elected parliamentarians. They ensured a popular choice to be the new Foreign Minister, not a political one.

Others see it as an extraordinary, if all too familiar, demonstration of the incoherence of Bonn's coalition politics, where all dirty linen is washed in public, and Chancellor Helmut Kohl fails to provide firm leadership to keep his partners in line.

Inevitably, there is an element of truth in both views. The departure of Mr Genscher from his job, not only as foreign minister but as deputy chancellor, the departure indeed of the most popular single politician in the government, could not happen without an upheaval.

It has disturbed the fine balance of the Bonn coalition; indeed, it threatens to shake it to its foundations. It has exposed the weakness and lack of leadership within his own Free Democratic Party (FDP), where a new generation is squabbling over the succession of a party which has always enjoyed an influence far beyond its 10 per cent-odd popularity in the polls.

It has exposed the divisions, both political and personal, within the ruling coalition, in which the FDP on one side, and the Bavarian Christian Social Union (CSU), very Catholic and conservative, on the other, have always been close to open warfare. It has exposed Mr Kohl's natural inclination to solve any problems he faces through inaction, or tinkering, not through decisive action.

Criticism of the coalition and Mr Kohl came yesterday from unlikely quarters. Mr Martin Schell, editor-in-chief of Die Welt, the conservative newspaper which is normally a staunch supporter of the government, wrote a thundering piece under the headline: "The Coalition Totters".

He attacked the FDP and Mr Genscher for the timing of his departure. He attacked Mr Kohl for allowing himself to be pushed around over such a key post. He expressed sympathy for the plight of Mr Theo Waigel, finance minister and leader of the CSU, who was so obviously side-lined from the whole debate.

He accused Mr Genscher, the arch-manipulator of German domestic politics, of possibly seeking to undermine the entire coalition with his resignation, force Mr Kohl into an unwieldy "grand coalition" with the Social Democrats, and thus regenerate the forces of his FDP in a brief period of opposition.

The FDP certainly needs that regeneration. Mr Otto Lambsdorff, the former economics minister, is leader only until 1994, his popularity even within the party on the slide. He refused to quit yesterday after his own parliamentary group rejected his nomination of Mrs Irmgard Schwaetzer as foreign minister, in favour of Mr Klaus Kinkel, but his authority has been terminally weakened.

Mrs Schwaetzer, Mr Kinkel, and Mr Jürgen Möllemann, the current economics minister, have long been jostling for the succession. The FDP party leader is the king-maker in all Bonn coalitions.

With his nomination by the party on Tuesday night to become deputy chancellor, Mr Möllemann must be well-placed to achieve the party leadership. Yet the jockeying continues, and the FDP leadership is committed to continual point-scoring off its partners in the coalition.

The coalition has been undermined for months by a series of key issues on which Mr Kohl has simply failed to negotiate a consensus. The most important is the question of asylum-seekers.

The Christian Democrats (CDU) and the CSU want to change the constitution, which at present allows the automatic right to demand political asylum to anyone who asks for it. They want it limited to countries with known political persecution.

The liberal instincts of the FDP are enraged, and the party refuses to comply: no change in the constitution.

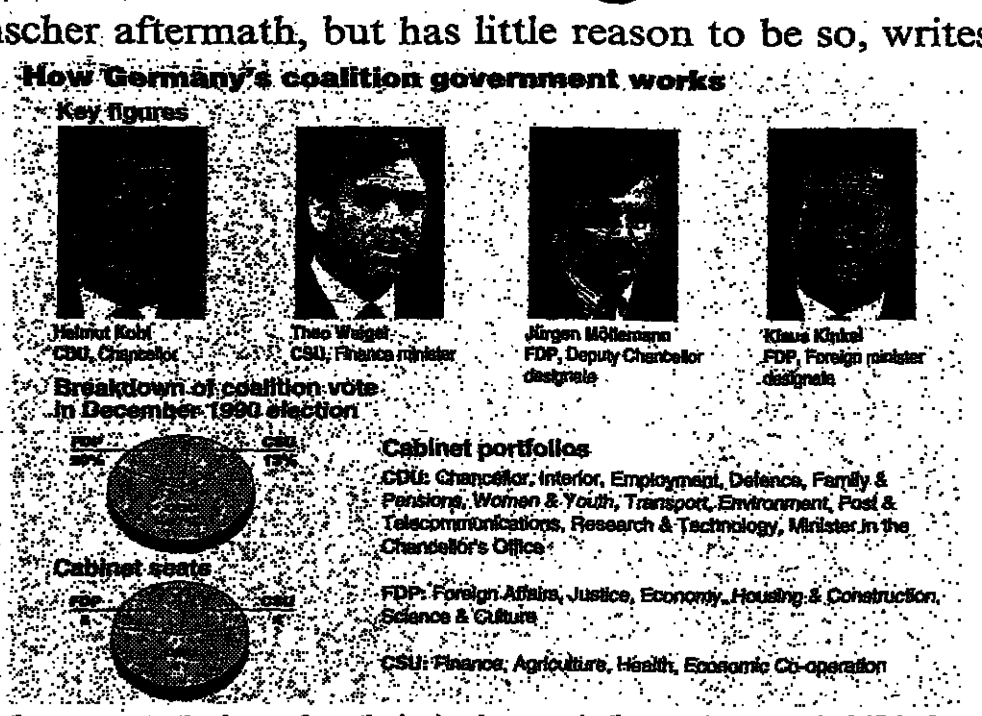
The second issue is how to finance the care of old people in homes: the CDU wants to introduce a new element in social security payments to finance a public scheme, guaranteeing places in homes where they are needed. The FDP will not step further than a voluntary scheme that does not hit the private sector.

On neither of those issues has any progress been made in the year or more since the last election. There is simply a sense of drift.

Mr Kohl knows now that he still has 18 months breathing space before an absolute spate of elections, national, regional and European, in 1994. That is why he seems so doggedly, bloody-mindedly relaxed.

Yet hanging over his creaking coalition is the greatest challenge faced by any country in western Europe: the challenge of unification, of somehow bringing the collapsed society and economy of east Germany up to the level of the west.

He may appear calm, but he has very little reason to be so. And 18 months is a short time in politics.



Markets resist the confusion

By Andrew Fisher in Frankfurt

IF there is any sense of crisis about this week's events in Bonn and elsewhere, it has not communicated itself to the country's financial markets, at least not so far.

The confusion surrounding the choice of the new foreign minister has left markets fairly cold. Dealers said the stock market regarded it as just an "interesting and embarrassing aside", since it did not call the stability or durability of the coalition government into question.

The gathering strike threat is a different matter. So far, the public sector workers' action has not really bitten hard, though the union looks as if it is prepared for a long strike. In the engineering sector, warning strikes have begun but industry has not really been hit. Thus the DAX index on the Frankfurt stock exchange closed a mere 0.03 points lower at 1,734 yesterday in moderate trading and the D-Mark closed little changed in quiet dealings at around DM1.66 to the dollar.

But while markets have discounted the present industrial action, things could be different if it lasts for some time. "The stock market has been prepared to accept these strikes, but much will depend on what happens in the next week or so in the engineering industry," says Mr Nigel Longley, a Commerzbank broker. Companies, especially in the car sector, could be shut down quickly if the big IG Metall union hits key suppliers.

So while foreign and domestic investors have reacted with sang-froid to the first wave of strikes, their attitude could be very different if German unions confirm the impression of fast-rising labour costs by a determination to press for wage rises much higher than inflation. That could then give share prices a nasty shock.

Berliners air pros and cons

By Leslie Colitt in Berlin

BERLINERS were yesterday divided about the public sector dispute as post and telephone services became the latest target of the strikers in Germany's largest city.

Mr Peter Heyer said business in the furnishings shop where he worked could be seriously affected if mail deliveries were halted for long. But, "as an ordinary citizen I agree with the strikers. We in the west are not being told the truth by our politicians about the costs we still face in financing unification". Greengrocer Horst Nordmann said the strikes were "perfectly legitimate" as the government had rejected the pay claim.

Mr Werner Ascher, a lecturer at Berlin's Technical University, disagreed. "Public service employees could have set an example for others by dispensing with wage rises this time in order to help east Germany recover."

Mr Jan Trautmann, a student at the university, was highly critical of the strikers. Their actions were "very irresponsible" as the wage claims were far beyond what the economy could absorb.

Most west Berliners said they were only marginally affected by the selective strike by Bundespost and Telekom workers. Civil servants took over the work at the main postal distribution centre and three Telekom repair units.

A one-day strike which halted all public transport in west Berlin earlier in the week was overcome by commuters switching to cars and cycles.

The strikes thus far failed to impress the Italian waiters at the Amico restaurant in Charlottenburg district. They commented that, like almost everything else in Germany, the strikes, planned long in advance and carried out to the letter, were predictably dull.

Foreign Ministry heaves collective sigh of relief

By Quentin Peel in Bonn

FOR ALL the chaos and confusion surrounding the choice of a successor to Mr Hans-Dietrich Genscher as German foreign minister, there was an air of relief yesterday at the Foreign Office in Bonn.

Senior members of the foreign service feel that the candidate they would have most liked may well have emerged. "Of course we were stunned like everybody else by the minister's resignation," said one official diplomatically. "That does not mean everyone admired him all the time. But the vast majority had a lot of respect for him, not simply as the boss, but because of his achievements.

"He was part of the system in which we worked, and it will take a while to adapt to a machinery in which he no longer plays a part."

When Mrs Irmgard Schwaetzer was instantly nominated for the succession by Mr Genscher's Free Democratic Party (FDP), some doubts were expressed. She had been a competent and hard-working deputy minister responsible for Europe. The feeling both among politicians and diplomats was that she did not really have the stature for the top job.

The fact that the FDP parliamentarians rebelled against their leadership, and replaced her with Mr Klaus Kinkel, the justice minister, brings to the job a man who understands the service from the inside, knows all the top diplomats, and was as close as anybody to the ubiquitous Mr Genscher.

He ran Mr Genscher's private office when he was interior minister; then he ran his private office in the Foreign Ministry; and then he became head of the ministry's vital planning staff, before moving in 1979 to run Germany's ailing intelligence service, the BND. "He had the opportunity to look into everything. He was the alter ego of Genscher at the time. And he got to know all the people who now form the senior staff in the service, both at home and abroad," says a diplomat.

Mrs Schwaetzer at yesterday's cabinet meeting

To that extent, they have no doubt that he will maintain his former master's priorities: commitment to the European Community and the Atlantic alliance, together with an energetic Ostpolitik to keep the doors open to eastern Europe.

What he will lack is perhaps the very personal, almost physical commitment to Ostpolitik which Mr Genscher had, thanks to his hometown of Halle in what used to be East Germany. Mr Kinkel comes from wealthy Swabia, in the south-west, and his instincts are inevitably more westward-looking.

He has an extremely high reputation from his career as a very political civil servant in Bonn: for competence, coolness, and the ability to master the most complicated brief. But he is not seen as simply a technocrat, ready to perform the role of glorified ambassador.

Even in the Foreign Office, and then at the Justice Ministry as state secretary, he was a very political animal, although he only joined the FDP as a signed up member in January 1991, to become Justice Minister. He is not even a member of parliament, but he is "a man with a strong personality", according to a deputy from the rival Christian Democrats.

Gunfire greets Pakistan leader in Kabul

By Steve Levine in Kabul and Farhan Bokhari in Islamabad

MR NAWAZ SHARIF, the Pakistani prime minister, yesterday became the first head of a foreign government to fly into Kabul after the assumption of power in Afghanistan by the two-day-old Islamic mujahideen government.

Shells were fired at the aircraft carrying Mr Sharif. Mr Gulbuddin Hekmatyar, leader of the fundamentalist Hezb-i-Islam guerrilla faction, had threatened to shoot down any aircraft from Pakistan attempting to land at the airport.

The capture of the interior ministry removed the last Hezb stronghold in the capital. Hezb fighters remained entrenched in three suburbs.

In full view of foreign correspondents, Uzbek militiamen allied to the new defence minister, guerrilla leader Mr Ahmad Shah Masood, executed a suspected Hezb fighter. The militiamen battered the man before shooting him dead at the interior ministry.

Relative calm returned to Kabul and the battered streets filled with Afghan shoppers who had not ventured outside during three days of fighting between followers of the rival Islamic leaders.

Analysts still saw Hezb as a potent destabilising force. "Most of the population want peace but this is difficult for the fighters who can do nothing else [but fight]," said a European diplomat. "They are in the capital and the smallest spark can set them off."

Mujahideen and diplomatic officials said a Hezb leader was to be appointed prime minister of the new government under President Sibghatullah Mojaddedi. There was an apparent attempt to restrain the ethnic rift that Mr Hekmatyar attempted to exploit as a Pushtoun leader, as the prime minister-designate, Mr Ustad Fareed is – like Mr Masood – an ethnic Tajik. Mr Fareed, however, is in Mr Hekmatyar's camp.

One diplomat said Mr Sharif's visit to Kabul – which coincided with Islamabad's formal recognition of the new government – had kicked off a scramble for influence in Afghanistan among its neighbours and other Islamic nations.

Iran also recognised the interim council and said it hoped the ruling mujahideen would respect the rights of Shias excluded from power. Turkey pledged to "continue to support the honourable struggle of the brotherly Afghan people and its efforts to rebuild their country".

Britain welcomed the transfer of power, although diplomatic representation remained to be resolved. British staff were withdrawn in February 1989 because of security fears. There is a caretaker staff in the embassy building.

France hoped the "very wide consensus" already enjoyed By Mr Mojaddedi "can extend even further".

Bombay share prices fall 17.5%

By R C Murthy in Bombay

SHARE values on the Bombay stock exchange, India's largest, have plunged by 17.75 per cent in the last two days as fears spread that stocks had been bought up in recent months using funds improperly diverted from the gilt-edged market.

State Bank of India, the country's largest bank, has said that an audit following its March year-end revealed that Rs6bn (£118m) in bankers' notes had not been surrendered on time by a gilts broker. It described this as an invalid transaction which had now been "regularised".

In New Delhi Mr Manmohan Singh, the Indian finance minister, came under pressure in parliament to explain the Bombay equities slide.

The country's Central Bureau of Investigation is also inquiring into the case, which has raised questions about gilts trading procedures. Stock market analysts see the decline as reflecting fears of forced selling in a number of issues where the broker was said to have built big positions.

The BSE index fell 222.49 points yesterday to 3,674.41 following a plunge of 570.42 on Tuesday, the first trading session after a five-day suspension caused by a brokers' strike. At issue in the stoppage was the registration of brokers with the Securities and Exchange Board of India, the market watchdog.

As prices fell, restrictions on share dealings using borrowed funds were relaxed by the authorities at the BSE, which accounts for two thirds of national share trading.

Yasuhiro Nakasone, former Japanese prime minister (right), talks to Chinese General Xu Xin (centre) through an interpreter at a Kuala Lumpur conference on Asia-Pacific security yesterday.

EC urged to offer free trade to Maghreb countries

By David Buchan in Brussels

THE EC has been urged to offer the Maghreb countries of North Africa free trade and an intensified political dialogue as a means of encouraging stability and limiting migration across the Mediterranean. The European Commission yesterday approved a policy document containing such proposals for presentation to EC foreign ministers in mid-May.

Brussels hopes that such "a new Euro-Maghreb partnership" will balance, to some extent, the Community's fast-growing ties with its northern and eastern neighbours.

The Commission is already holding exploratory talks on Moroccan free trade proposal, and is ready to do the same with Tunisia. The other potential beneficiary is Algeria, though rapid rapprochement is unlikely after the Algiers government's move this year to stem Islamic fundamentalism by suspending elections.

The two other Maghreb countries are considered excluded from the Commission's initiative - Libya, because it is the target of EC and United Nations sanctions over airline terrorism, and Mauritania, because it gets separate EC benefits through the Lomé convention.

Maghreb countries already stand to gain from the EC's Mediterranean programme of Ecu4.4bn (£3.13bn) in grants and loans for 1992-96. Disturbed by human rights abuses in Morocco, European MPs are currently blocking money for Morocco, as well as Syria.

Francis Ghilès adds from Washington: A $275m (£155m) structural adjustment loan to Morocco is due to be approved today by the board of the World Bank. The loan is part of a co-financing package to which the African Development Bank will contribute a further $100m. It is the seventh World Bank loan to support restructuring and liberalisation of Morocco's economy after the foreign debt was rescheduled in September 1983.

South prepares common stance for Rio summit

Victor Mallet on developing country talks on the environment

MALAYSIA had some success this week in portraying the negotiations over the forthcoming Earth Summit in Brazil as part of a century-old fight between the rich, polluting, industrialised countries of the north and the poor, developing nations of the south.

Dr Mahathir Mohamad, the outspoken Malaysian prime minister who opened a pre-summit meeting of 55 developing countries in Kuala Lumpur, declared that the north's fears of global environmental degradation had given the south new leverage in its quest for development aid.

The north, he said, was responsible for 80 per cent of pollution and had destroyed its own environmental heritage; it should clean up its own backyard instead of laying claim to the environmental resources of the south.

"It is wrong that we should be made scapegoats for the past sins of the north," he said. "The north is still subjecting us to imperial pressures."

His audience applauded because they agreed with much of what he said, but delegates (from the south) and observers (from the north) said privately that there was no point antagonising potential donors or turning the Earth Summit in June into just another political battle between north and south.

Despite the profound differences within both the developing and the developed worlds, it is now possible to discern a common set of opinions which the poorer countries will present in Rio de Janeiro and a common set of responses from most industrialised countries.

Broadly, the governments of developing nations believe that some environmental assets must be sacrificed for the cause of development, and that they have the right to a fair proportion of "environmental space" – or the earth's ability to absorb environmental damage; they have the right to exploit their sovereign natural resources as they see fit.

Because the industrialised countries have grown rich on over-exploiting the world's environmental space, the south says, they must release some space (by reducing their pollution), create some more space (by reafforestation on their own territory) and compensate the south by paying for more environmental and development aid.

"The average North American consumes more than 36 times as much energy as the average South Asian," Mr Kamal Nath, India's minister for the environment and forests, told the conference this week. "The prudent route to adopt is not limits on economic betterment in the already deprived countries but rather a fundamental change in wasteful patterns of consumption in rich countries."

Dr Mahathir Mohamad, the Malaysian prime minister, who earlier threatened to boycott the June Earth Summit, will attend the Rio de Janeiro conference, Kyodo reports from Kuala Lumpur.

Angered by western-led anti-tropical timber campaigns against Malaysia, Dr Mahathir had vowed to boycott the summit if it turned out to be a forum to "bash" tropical logging. Timber is the second biggest commodity export earner for Malaysia.

Developing nations insist that the north should transfer technology, in particular environmentally-friendly technology, at concessional rates and should not allow the issue of intellectual property rights to hinder the process.

Furthermore, they want a new fund to finance programmes associated with the Earth Summit.

The existing Global Environment Facility (GEF) managed by the World Bank (and therefore by the north) is regarded as unacceptable for a number of reasons; governments say they cannot undertake legally-binding commitments if they have no control over the disposal of funds for those commitments, while environmental pressure groups in the south complain that the World Bank is notorious for the environmental damage caused by its programmes.

Ms Vandana Shiva of the Third World Network said this week that it was absurd to say that "the world's finance ministry and industry ministry can also be the world's environment ministry".

In most cases the industrialised countries admit that they have damaged their own national environments in the past and that they need to curb their output of pollutants, although they hesitate to lay themselves open to demands for compensation by taking responsibility for global damage. They are prepared to reform the GEF, but not to hand over billions of dollars in cash and technology with no strings attached.

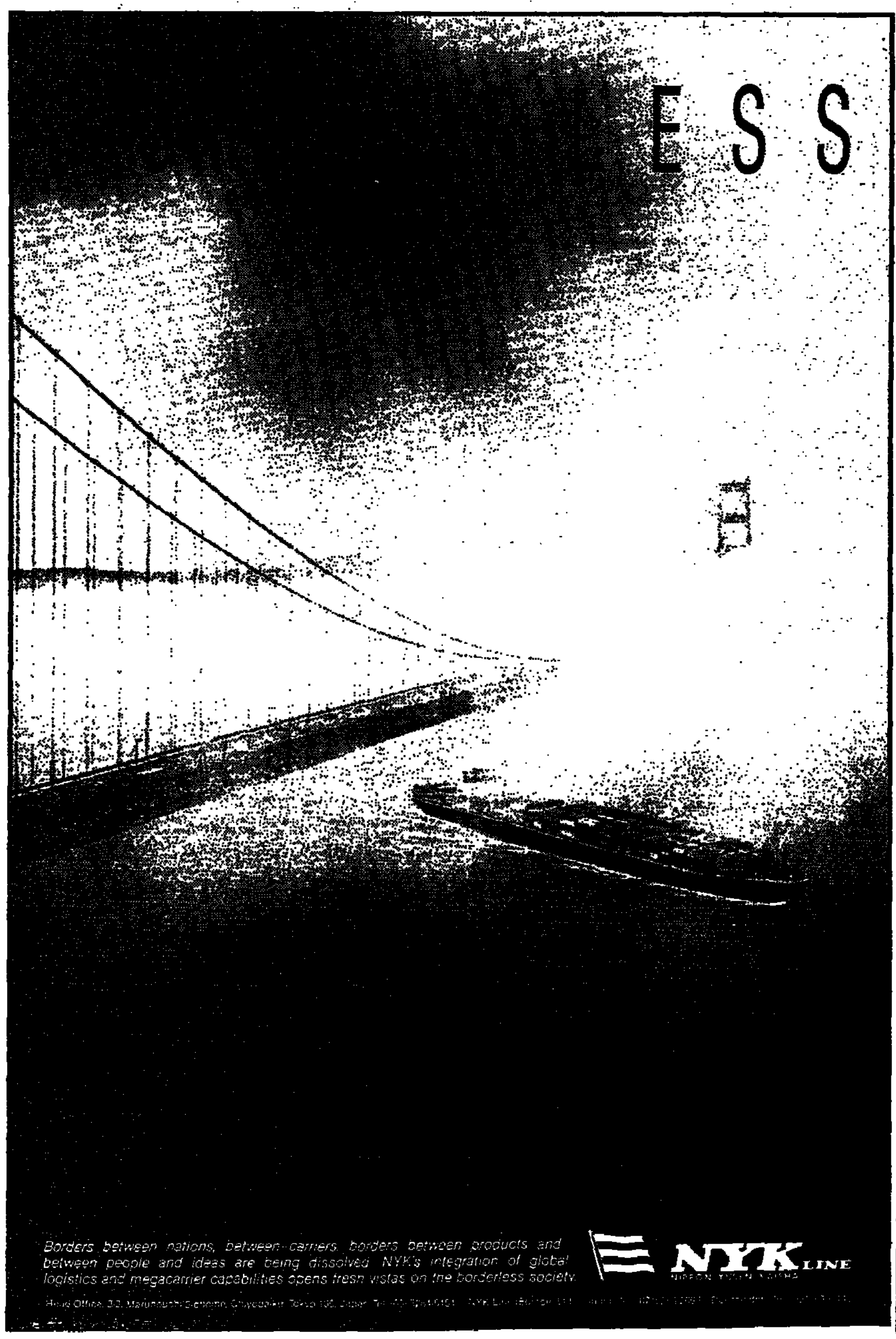
"The best way to manage technology transfer is through normal aid and commercial channels," said Ms Ros Kelly, the Australian minister responsible for the environment.

She was, she said, "surprised" by the tone of Dr Mahathir's speech, which she thought was aimed at a Malaysian and southern hemisphere audience. Privately, Dr Mahathir was more optimistic than he had been in the past that the Earth Summit would be constructive, she said.

North and south may indeed still be at loggerheads, but some environmentalists attending the conference said they were more concerned by the fact that the developing south is imitating the north – in all its wasteful and environmentally destructive ways – than by the fight between the two.

That, at least, was something on which everyone could agree. "Our policy must be towards *not* following the path that many developed countries have taken," said Mr Delfin Ganapin, undersecretary for the environment of the Philippines. "That's why we don't want to accept old technology."

Mr Nath said: "We are not talking of how to get there. We are talking of how *not* to get there. We are talking of a different path, an ecologically sustainable path."



UN body calls for cut in population growth

By Hilary de Boerr

WORLD population growth rates will have to be reduced over the next decade if economic development is to be sustained and the environment protected, according to the United Nations Population Fund (UNFPA).

Human numbers are growing at record rates, with an annual increase of about 97m projected for the next 10 years, says the organisation's State of the World Population 1992 report.

That would mean 6bn people in 1998, and 10bn in 2050, compared with 5.48bn this summer. Without "immediate and determined action" to reduce future family sizes, world population could reach 12.5bn in 2050, it warns.

UNFPA found that, since 1975, population growth rates have been linked to per capita income in developing countries – before then, no such connection had been established.

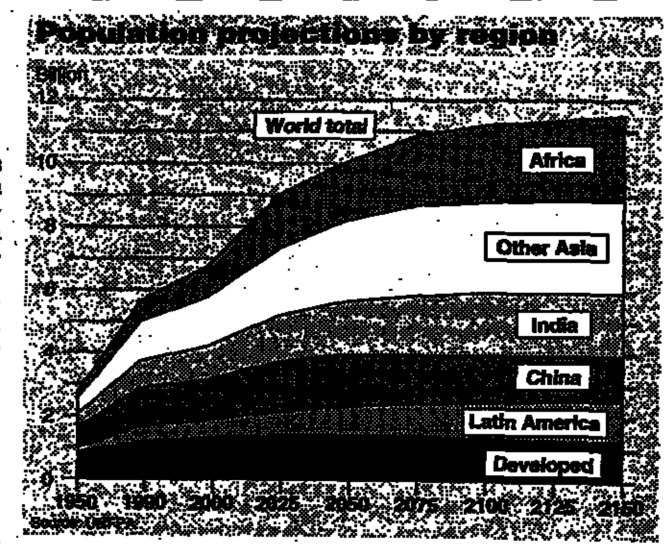
Countries with slower population growth rates saw annual incomes rise by an average 1.23 per cent a year in the 1980s compared with a fall of 1.25 per cent in countries where population grew faster. Lower birth rates also meant higher savings and investment ratios.

Eliminating extreme poverty, improving health and education, and raising the status of women are seen as essential steps to encouraging reduced family sizes.

Such policies should give special attention to Africa and south Asia, which are responsible for more than half the population increases and which contain most of the world's very poor, says UNFPA.

The issue of sustainable development is also tackled in the report, which says record population growth rates are being accompanied by record human consumption of resources.

State of World Population 1992, UN Population Fund, 220 East 42nd Street, New York, NY10017, US.



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:
TENDCLASS LIMITED, Debtor.

Chapter 11
Case No. 92 B 41796 (TLB)

NOTICE OF JUNE 5, 1992 DEADLINE FOR THE FILING OF CERTAIN PROOFS OF CLAIM AGAINST TENDCLASS LIMITED

TO: ALL PERSONS AND ENTITIES WITH CLAIMS AGAINST TENDCLASS LIMITED, ENGLISH COMPANY NUMBER 2244161:

PLEASE TAKE NOTICE that on March 30, 1992, Tendclass Limited, the above-captioned debtor and debtor in possession ("Tendclass") filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Court"). Tendclass continues in the possession of its property and the management of its business as a debtor in possession.

PLEASE TAKE FURTHER NOTICE that the Court has entered an order dated April 20, 1992 (the "Bar Order") requiring all persons and entities, including, without limitation, individuals, partnerships, corporations, estates, trusts, unions and governmental units, EXCEPT THOSE PERSONS AND ENTITIES DESCRIBED IN PARAGRAPHS A THROUGH C BELOW, that assert a claim against Tendclass to file a written proof of claim by mailing or delivering the proof of claim to:

The Clerk, U.S. Bankruptcy Court
The Alexander Hamilton United States Custom House
One Bowling Green
Room 614
New York, New York 10004
U.S.A.

SO THAT IT IS ACTUALLY RECEIVED ON OR BEFORE JUNE 5, 1992 (the "Bar Date"). Such proofs of claim will be deemed filed only when they are actually received. As used herein and as defined in section 101(5) of the Bankruptcy Code, the word "claim" means: (a) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

PLEASE TAKE FURTHER NOTICE THAT IF YOU ARE REQUIRED TO FILE A PROOF OF CLAIM AND FAIL TO DO SO IN THE MANNER AND BY THE DATE PRESCRIBED, YOU WILL BE FOREVER BARRED FROM VOTING UPON, OR RECEIVING DISTRIBUTION UNDER, ANY PLAN OR PLANS OF REORGANIZATION FOR TENDCLASS, AND WILL BE FOREVER BARRED FROM ASSERTING ANY SUCH CLAIM AGAINST TENDCLASS, EXCEPT THAT:

A. Any person or entity that has already properly filed a proof of claim with the Clerk of the United States Bankruptcy Court for the Southern District of New York need *not* file a duplicate proof of claim.

B. Any person or entity whose claim was previously allowed by order of the Court need *not* file a proof of claim.

C. Any person or entity whose claim arises under 11 U.S.C. § 507(a)(1) as an expense of the chapter 11 administration need *not* file a proof of claim.

PLEASE TAKE FURTHER NOTICE that proofs of claim shall state the amount of the claim in U.S. dollars and shall conform substantially to the Official Bankruptcy Claim Form No. 10. Copies of Official Bankruptcy Claim Form No. 10 may be obtained from any United States bankruptcy court or Willkie Farr & Gallagher, 153 East 53rd Street, New York, New York 10004, U.S.A., telephone number 212-935-8000, Attention: Ms. Regina Wageman, or Willkie Farr & Gallagher, Dauntsey House, 4 Frederick's Place, London EC2R 8AB, England, telephone number 071-726-4097.

PLEASE TAKE FURTHER NOTICE that the holder of any claim arising from the rejection of an unexpired lease or executory contract shall file any such claim within the time period fixed in the order authorizing such rejection (the "Rejection Order"). If the Rejection Order does not specify a date, such claims must be filed on or before the later of (i) the Bar Date, and (ii) thirty (30) days after entry of the relevant Rejection Order.

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Dated: New York, New York
April 20, 1992

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Debtor and Debtor in Possession

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Bond's debts exceed A$700m

By Kevin Brown in Sydney

MR ALAN BOND, the bankrupt Australian entrepreneur, has debts and contingent liabilities of more than A$700m (£297m) and assets of just over A$1m, according to a statement of his financial affairs filed in the Federal Court yesterday.

The statement shows that Mr Bond, former chairman of Bond Corporation Holdings, does not own a home, and is living in an apartment in Cottesloe, Western Australia, for which he pays A$200 a week rent.

He lists assets of A$1,000 in cash, A$2,669 in bank deposits and shares, a wristwatch worth A$1,200 and A$1.13m in paintings. Most of the paintings are claimed by the liquidator of Dallhold Investments, Mr Bond's private company.

The statement reveals the existence of 11 family trusts, some of which own property in New South Wales and Western Australia. However, Mr Bond says he has received no income from the trusts for two years.

Mr Bond says his only income is A$195,000 a year in consultancy fees from two UK companies: Heyside, of Darlington, and Expo Development and Trading, of Jersey.

The statement shows Mr Bond paid A$486,441 to lawyers and accountants over the last year as he sought to avoid bankruptcy. He also says he lost A$10,000 in casinos in the last six months.

Mr Bond puts his debts and contingent liabilities at A$411.8m, plus damages sought by the liquidator of J.N. Taylor Holdings, former Bond Corp subsidiary, in relation to alleged mismanagement by Mr Bond and others. The damages sought have been quantified in court papers as in excess of A$300m.

Mr Bond disputes many of the claims against him, including the action brought by J.N. Taylor. He also claims he is owed A$265m, mostly by co-guarantors of an A$256m bank loan to a Dallhold subsidiary.

The statement gives a fascinating glimpse into the lifestyle enjoyed by Mr Bond and his family during the boom years of Bond Corp in the late 1980s, when the company controlled assets worth more than A$10bn and Mr Bond's personal wealth was estimated at more than A$100m.

Between May 1986 and December 1989, Mr Bond gave his family cash and gifts valued at nearly A$30m, including jewellery worth A$10.7m to his wife Eileen, from whom he is being divorced.

Other presents include a watch worth A$26,000 for his son Craig, a A$253,000 bracelet for his daughter Susanne, 32, and a A$69,000 Jaguar car for his daughter Jody, 26.

Mr Bond resigned as chairman of Bond Corp in September 1990, two days before the group announced an Australian record loss of A$2.24bn.

Bond Corp is being restructured under a debt for equity swap which will reduce Mr Bond's holding from more than 50 per cent to 5 per cent.

Most of Bond Corp's assets have been sold.

Former glory: Alan Bond poses in his London home in the boom times before he was declared bankrupt

Australian rate cut likely as quarterly inflation falls to zero

By Kevin Brown

MR JOHN DAWKINS, the Australian federal treasurer, yesterday forecast a cut in official interest rates in the wake of zero inflation in the three months to March.

Government figures showed that the consumer price index (CPI) was unchanged over the quarter.

The annual rate rose, however, from 1.5 per cent to 1.7 per cent, the second lowest figure recorded since March 1964.

The CPI figures also showed that the underlying rate of inflation fell to 0.4 per cent from 3 per cent a year ago. This is the lowest rate of increase since publication of figures for underlying inflation began in 1971.

The unexpectedly low figures prompted the government to revise its inflation forecast for the year to the end of June from 2.25 per cent to 2 per cent. The 1992-93 forecast was also revised downwards by one percentage point to 2.5 per cent.

Mr Dawkins said the figures removed any doubts about the possibility of cuts in official interest rates. However, he said the size of the forthcoming reduction would not be determined until the next meeting of the Reserve Bank of Australia board due on May 5.

"This figure certainly means that there is now room to have some relaxation of monetary policy, which will return a dividend to the community as a result of this substantial improvement on the inflation front," Mr Dawkins said.

Economists said the March quarter CPI outcome indicated that interest rates were likely to fall by one percentage point, rather than the 0.5 percentage point reduction the financial markets had been expecting.

The official cash rate was last cut by one point to 7.5 per cent in January. Official rates peaked at 18 per cent in January 1990 as the government tried to cool the overheated economy.

Mr Dawkins said there were "convincing signs" that Australia was recovering from a recession which led to six consecutive quarters of flat or negative growth in GDP.

Chinese struck by an epidemic of fake cures

By Yvonne Preston in Beijing

A DISINFECTANT spray allegedly able to kill the Aids virus in 30 seconds is one of many fake medicines on the Chinese market making extravagant and false claims for their curative powers.

Composed of medicinal plants and herbs, "Shenglu" can be rubbed or sprayed on, injected or gargled, says the advertising literature. It is one of a number of "anti-Aids" products, claiming to kill or prevent the spread of the deadly virus, which are available over the counter in Beijing department stores.

Chen Minzhang, health minister, called this week for a crackdown on illegal profiteering from imitating well-regarded traditional Chinese medicines. But despite the misleading claims made for the restorative herbal powers of anti-Aids products in particular, health authorities seem powerless to act or to help people distinguish genuine from false medicine.

The medical claims for some products are merely odd. SOD is an "anti-senility" toothpaste, developed and manufactured by the Shanghai Toothpaste Factory which produces 600m tubes a year.

SOD (superoxide dismutase)

Despite misleading claims made for fake medicines, the authorities seem powerless to act

toothpastes are believed to be able to resist senility in the human body, the Xinhua news agency reported with only a hint of scepticism.

Another Xinhua report from Taiyuan claimed a newly-developed traditional Chinese medical concoction could cure mental retardation. The product, Xingnaokang, is reported to have had a 95 per cent success rate in raising IQs without side effects.

Aids products are in a different category, as unscrupulous manufacturers play on people's fears of a terminal and terrible disease to make money, with widespread ignorance about Aids encouraging exploitation.

Bombs close McDonald's in Taiwan

THE TAIWAN franchisee for McDonald's has been forced to close all 57 of its hamburger outlets on the island for an unspecified period after two bombs exploded in McDonald's restaurants, leaving one policeman dead and three people injured, writes Luisetta Mudie in Taipei.

Three other bombs were found and defused after telephone warnings. Extortion notes were also received by McDonald's staff before the bombings began on Tuesday, demanding payment of NT$6m (£134,000) in protection money.

Taiwan McDonald's chairman, Mr David Sun of the Quanta group, the privately owned franchisee, said: "It is the responsibility of our company not to concede to this kind of request."

Mr Sun is offering a reward of NT$12m for information leading to the arrest of the culprits.

The incident spread such alarm that the prime minister held a special meeting with police to discuss the problem.

A government spokesman, Mr Jason Hu, said afterwards he hoped that the incident would not spread terror within society. "Our society has always been a peaceful and quiet one," he said. "People are not used to incidents of this nature."

Sri Lanka violence kills 105

THE TAMIL Tiger separatist group in Sri Lanka has killed more than 55 Moslem and Sinhalese in a pre-dawn attack on an agricultural settlement in the country's eastern province which it claims as part of its traditional homeland, writes Mervyn de Silva in Colombo.

In retaliation, armed Moslems have killed 50 Tamils in a nearby village.

The Tigers accuse the Sinhalese-dominated government of trying to convert the demographic character of the province through irrigation projects which provide water for new settlements. Sinhalese and Moslem families are given land while Tamils are not, the Tigers claim.

● A non-governmental commission in Nepal will investigate a series of police shootings that left at least eight people dead in Kathmandu recently, agencies add.

Official reports say eight people died in the April 6 shootings, while an unofficial count put the death toll at 17.

● The Burmese army fired mortar barrages at Karen guerrilla bases on the Thai frontier on Tuesday after Rangoon announced it was suspending its offensive, a Karen spokesman said yesterday.

The Karen have fought for several decades for greater autonomy from the central government.

Britain increases food aid to southern Africa

BRITAIN is increasing its drought aid for southern Africa by £20m, only a month after it had pledged an initial £10m tranche, writes our Foreign Staff.

Baroness Chalker, the overseas development minister, said: "This drought has devastated harvests throughout the region. By acting now we can help avert the threat of widespread starvation seen elsewhere in Africa."

She called for more EC support. On a visit to Brussels at the weekend she would seek "to ensure the European Community package of 800,000 tonnes of extra food aid, including 680,000 tonnes for Africa, is approved at the Development Council on May 4 and then implemented very swiftly."

Of the latest £20m disbursement, Zambia and Zimbabwe will receive £7.5m and £5m for food imports. Direct shipments of food, mainly for Mozambique, will cost a further £5m.

The rest will go to countries including Botswana, Lesotho, Swaziland and Namibia.

US favours entry of CIS states to IFC

By George Graham in Washington

THE US favours the immediate entry of Russia and the other former Soviet republics into the International Finance Corporation, the World Bank affiliate which promotes private investment, Mr David Mulford, US Treasury under-secretary, said yesterday. Mr Mulford told a House of Representatives committee that although the IFC did not have enough shares outstanding to give the republics membership stakes matching their relative sizes, they could become members immediately even without an IFC capital increase.

Unlike the International Monetary Fund, he said, the IFC does not tie the size of its funding in a particular country to the size of its share.

The Bush administration has proposed legislation which would include authorisation for an IFC capital increase, but some observers are worried that this legislation could be held up in congress, just as approval for the US's $12bn share of the IMF quota increase has been.

Mr Mulford said it was not clear how many shares would be available for the former Soviet republics. If Switzerland's entry into the IFC fails to win support from a referendum, that would leave more shares to supplement the republics' stakes, he said.

He acknowledged, however, that not all members of the IFC had agreed that this was the right way to go about the problem.

Mr Mulford said the US had been worried by recent opposition to economic reforms in Russia, which had led to a weakening of monetary policy by the government of President Boris Yeltsin.

"While we remain confident in Yeltsin's team, we are concerned that this slippage not delay the expansion of the shadow programme that will be required before IMF resources can be accessed through a stand-by arrangement," he said.

Poor nations accuse the rich of breaking their own rules

Michael Prowse reports on frustration of developing world that western states fail to practise what they preach

MANY developing countries probably left this week's IMF/World Bank meetings feeling somewhat frustrated. The anodyne official communiques made all the right noises yet there was a sense that rich countries, beset by their own economic problems, had difficulty focusing on the Third World.

The need to divert scarce capital and human resources to support reform in the former communist countries played a role in this, although many developing countries recognise that they, too, stand to gain from an enlargement of the international economic community. The problem lay more in the perceived reluctance of industrialised countries to follow talk with action.

Mr Alejandro Foxley, the Chilean minister who chairs the joint IMF/bank development committee, summed up his frustration by contrasting the Group of Seven industrialised countries' demands for radical structural reform in the former Soviet republics with their reluctance to take even modest steps to eliminate their own economic distortions – some of which are hurting the developing world.

He pointed out that rich countries spend $250bn on agricultural protection – about five times the total devoted to official development finance.

"It was disturbing," he said, that the Uruguay Round trade talks were languishing because rich countries lacked the courage to make reforms that would adversely affect only a tiny percentage of their mainly urban populations. Many developing countries have unilaterally reduced trade barriers and implemented a range of market-oriented policies: they cannot understand why their teachers in the industrialised world refuse to obey the rules.

Mr Foxley warned that if developed countries did not soon agree to liberalise trade, Third World countries might be obliged to form their own regional trading blocs. He hoped such pacts would be compatible with Gatt rules, but there is an obvious risk they might undermine multilateral trade. The development committee's final communique noted these tendencies, but its only new proposal on trade was the minor recommendation that the bank and IMF publish regular assessments of the impact of changes in trade patterns on poor countries.

The Third World is also disappointed that real growth in overseas development assistance has petered out. In 1990 prices, official aid totalled $41.3bn last year, fractionally less than the previous year. The grant component fell from $26.5bn to $24.7bn. Yet the demands for funds are growing: to take one example the drought in southern Africa looks like being one of the worst in decades.

Mr Lewis Preston, the bank's president, argued vigorously for more cash for the poorest countries. But in its communique the development committee regretted the increase in poverty, but lamely agreed only to "discuss all resource flows and transfers in more depth" at next September's IMF/bank meeting. The bank is pressing for a substantial increase in funds for the International Development Association (IDA) – its soft loan affiliate. But with most of the large donors running big budget deficits, the 10th replenishment of IDA (which covers the three years beginning next July) is unlikely to do more than keep pace with inflation. Meanwhile, many new countries – including former Soviet republics in central Asia – will meet IDA's $800 a year per capita income means test.

As the Earth Summit in Rio draws closer, the environment forms a third source of friction between rich and poor countries. The development committee communique, echoing the analysis of the bank's forthcoming World Development Report, declared that "continued, even accelerated economic growth and human development can be consistent with improving environmental conditions." Life may not prove so simple.

Mr Foxley is probably not alone in fearing that rich countries will use the environment as an excuse for sneaking in new trade barriers, whose real purpose would be to mollify special interest groups at home. Another possibility is that industrialised countries will prove genuinely committed to a cleaner global environment, but turn to trade sanctions as the only effective way of forcing compliance with tougher standards.

The underlying problem is that worthwhile environmental improvements will be costly. To make an impact, the bank reckons developing countries will have to spend at least 2-3 per cent of gross domestic product every year – a large sum in poor countries facing many competing claims on resources. Judging from the communique, as a gesture ahead of the Rio conference, industrial countries will support an expanded role for the $1.3bn environment facility set up by the World Bank and United Nations to pay for environmental projects with global pay-offs. But this will still be a drop in the ocean. Rich countries do not appear willing to commit resources on the scale needed to really help the Third World.

Ontario to increase taxes as deficit grows

By Bernard Simon in Toronto

ONTARIO's beleaguered social democratic government is to raise taxes in a budget to be presented in Toronto today.

Despite the tax rises, expected to hit big business and high earners, analysts are predicting a sharp increase in the budget deficit and borrowing requirement of Canada's wealthiest province.

Interest rate spreads on Ontario bonds have already widened in anticipation of the budget, and credit-rating agencies will be watching the budget closely with a view to a possible downgrading.

The province and its power utility, Ontario Hydro, are among North America's biggest borrowers on international capital markets. They borrowed about C$10bn last year.

Ms Hilary Geller of SA Murray, a Toronto lobbying firm, said the government was likely to expand its borrowing capability by setting up separate corporations for various public services, such as transport, water and sewerage.

The budget deficit for the fiscal year to March 31 1993, which was projected last year at C$8.9bn, is now expected to reach at least C$11bn. The shortfall was only C$3bn in the year to March 1991.

Ontario's economy, which is heavily dependent on the steel, motor and resource industries, has been hit hard by the recession. The Wefa Group, an economics consultancy, forecasts GDP growth of no more than 2 per cent in 1992, following two successive years of decline.

Public spending, especially on health and welfare, accelerated sharply under both the previous Liberal government and the ruling New Democratic party, which took office in September 1990.

But the fiscal squeeze is now forcing Ontario, like Canada's other provinces, to tighten its belt. The provincial treasurer, Mr Floyd Laughren, is expected to announce delays in many projects and to trim the provincial civil service. Mr Laughren announced earlier that transfers to hospitals, municipalities and schools will rise by only 1 per cent this year.

George Bush is toasted by Carol Vander, wife of Republican Guy Vander Jagt at the president's dinner in Washington. The dinner was the biggest fund raiser to date, raising $9m. The minimum contribution was $1,500 and the biggest donation $400,000

Rising US incomes fuel spending rise

By George Graham

PERSONAL incomes continued to rise in the US last month, helping to fuel a modest revival in consumer spending.

The Department of Commerce said personal income rose in March by 0.6 per cent to an annual rate of $4,990bn after seasonal adjustments, following February's 1.0 per cent increase.

Disposable incomes rose somewhat faster as a result of a reduction in income tax scales ordered by President Bush and applied in March.

The department said disposable incomes rose 1.1 per cent, or 0.6 per cent in real terms.

Spending on personal consumption rose modestly for the fifth month, gaining 0.3 per cent to an annual rate of $4,041bn. In real terms, however, personal consumption spending declined by 0.2 per cent. Personal saving increased to an estimated $233bn a year.

Economists said the data announced yesterday were consistent with Tuesday's report that GDP grew at 2 per cent a year in the first quarter.

Congress asked to extend federal regulation of insurance industry

Nikki Tait and George Graham on a bill seeking SEC-type regulation

THE US Congress, undaunted by its failure last year to pass coherent legislation on the banking industry, is turning its attention to insurance.

Mr John Dingell, chairman of the House of Representatives energy and commerce committee, has put forward a draft bill which would set up a federal regulatory agency for the insurance industry, modelled along the same lines as the Securities and Exchange Commission (SEC) which oversees the capital markets.

Mr Dingell's bill would set up a federal certificate of solvency which would authorise an insurer to write policies anywhere in the US without any other regulation of its financial condition.

Foreign insurers applying for this federal certificate would have to set up a trust fund in the US to satisfy the commission of their ability to meet their policy holders' claims.

Companies engaged in reinsurance would, under Mr Dingell's proposal, have to meet tougher capital standards.

The Dingell bill matches in many respects a proposal made last year by Senator Howard Metzenbaum, although Mr Dingell does not go as far as Senator Metzenbaum in transferring insurance regulation from the states to the federal government. He would leave the regulation of insurance premiums to each state.

Pressure for some measure of federal regulation in the US insurance industry arises for two basic reasons.

The first is that the existing system of state regulation, dating from the mid-19th century, is widely seen to have flaws. Each state enacts its own laws, runs its own insurance department, operates its own guarantee funds and has its own insurance commissioner.

The commissioner may be either elected or appointed by other state officials. Where he is elected, insurance matters tend to develop an even thicker political coating. For example, John Garamendi, the first elected commissioner in California, is an ambitious Democrat, thought to have his eyes on the governor's job. Many observers believe that his high-profile actions – which have ranged from the seizure of First Executive, the large life company, to an ongoing court battle to get car insurance roll-backs paid out – are part of a larger political agenda.

It is true that, as insurance companies have become bigger and more complex, the states have developed a fair degree of consistency. There is, for instance, a standard format for financial reports. The National Association of Insurance Commissioners, moreover, regularly formulates "model" laws, which often form the basis for state legislation.

Nevertheless, most industry practitioners acknowledge that regulatory standards vary substantially from state to state.

Differences in state guarantee fund arrangements, which underpin policyholders' contracts, have also been highlighted recently – during, for example, the First Executive debacle. A small minority of states still lack guarantee arrangements for certain types of contract: even California, a big insurance market, only recently enacted a life/health guarantee fund.

Anxious to deflect federal oversight, the NAIC responsed with a new approval system in June 1990. By formally "accrediting" those states whose financial standards conform to (or better) its model rulebook and whose supervisory resources are deemed adequate, the NAIC hopes to presslaggard states into improvements. So far, nine states have met the NAIC's standards, and more accreditations may come in June.

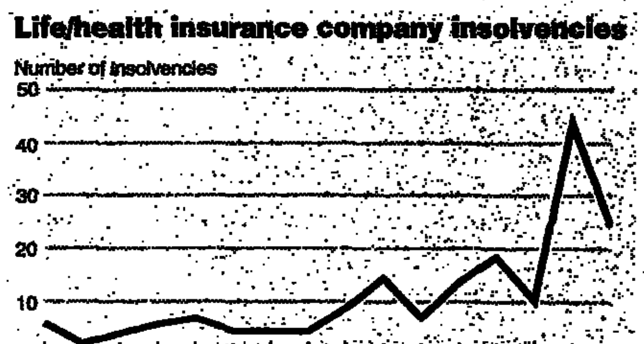
But however intelligent and well-intentioned this response, critics of state regulation still see a fundamental flaw: the NAIC has no legal powers to compel the sloppier states to do anything.

The second reason for disquiet with the state-based regulatory system is simpler still. Like other financial services businesses, insurers are counting the cost of over-ambitious expansion in the heady Eighties.

Attention has centred primarily on the investment side of the business. Some of the largest composite insurers – such as Aetna or Travelers – are busily buttressing revenues to cover souring real estate-related holdings. Heavy junk bond holdings, meanwhile, prompted policyholder runs, and subsequent seizures, at First Executive, First Capital and others.

But the writing of some policies has been injudicious, too: witness Equitable Life's problem with its "guaranteed investment contracts" (essentially savings contracts which promised an ambitious rate of return).

Life/health insurance company insolvencies



Source: National Association of Insurance Commissioners, National Organization of Life and Health Guaranty Association and Individual State Guaranty Funds

Meanwhile, on the property-casualty (non-life, non-health) side, few think that the underwriting cycle has really begun to turn, and the move towards "self-insurance" – as customers seek to defray the cost of mounting premiums – leads some pundits to believe that the cycle is undergoing a fundamental structural change. In short, the health of the industry is not good.

The problem is summed up by figures of insurance company failures. According to A. M. Best, the specialist rating agency, 271 property-casualty companies have either been "involuntarily dissolved" or placed under state supervision over the past eight years, compared with 62 in the previous eight years. Forty-six property-casualty companies had to shut their doors involuntarily last year, the second-highest figure for more than a decade and a 44 per cent increase on the 32 in 1990. Another 28 life/health companies were also declared impaired or insolvent last year.

The Dingell bill seems to have generated a good deal of reading – "It's the size of the telephone book," complained one New York-based insurance executive – and relatively little public comment. The NAIC has set up a working group to review the bill and expects to put out a detailed response in the summer.

Many of the largest insurers are publicly supportive of the NAIC's stance. "The NAIC has been working very hard to improve solvency regulation," commented Met Life, "and the federal government has a pretty poor record when it comes to financial institutions – especially the thrifts."

Insurers also point out that they have a vested interest in good solvency regulation at present – since, when a call is made on a state guarantee fund, it is other insurers functioning in the same state who retroactively supply funds. Perhaps one of the fiercest criticisms of the Dingell proposals is that it would make solvency oversight a federal matter, yet leave pricing and product supervision with the states.

That said, executives at some large, multistate companies concede privately that a federal oversight agency might make life simpler. And, like the NAIC, they generally accept that the federal government could usefully play a role in matters of fraud and the regulation of non-US insurance companies operating in the US.

Perhaps the final disincentive for congressmen is Mr Dingell's plan to establish a National Insurance Protection Corporation to cover the claims of policyholders whose insurers become insolvent.

Mr Dingell argues that this corporation would be pre-funded by a risk-based levy on insurance companies.

But most congressmen have been so badly burnt by the experience of paying for insolvent savings and loans and banks that they are unlikely to show much enthusiasm for extending the federal umbrella over insurance policyholders.

Hoechst to restructure N American fibre plants

By Paul Abrahams

REORGANISATION of the world's fibres business continues with the announcement by Hoechst Celanese, the US subsidiary of Hoechst, the German chemicals company, of a $600m (£339m) programme to restructure its north American polyester fibres operations over the next five years.

The group plans to build a 125m lb a year staple fibre installation at Queretaro, Mexico, which should come on stream by the last quarter of 1993. This follows an announcement last week that it was expanding the scale of its proposed polyethylene terephthalate (PET) plant there from 70m lb a year to 125m lb.

Hoechst said the prime reason it had chosen Mexico for its fibres expansion was that the textile market in the region had expanded dramatically in recent years and the company wanted to be nearer its customers. However, construction and engineering costs in Mexico were 25 per cent less than the US, while labour costs were a third.

The investment would not increase north American polyester staple fibre capacity, said Hoechst. It said it was considering shutting down outdated, non-competitive equipment at other Hoechst Celanese facilities in the US and Canada. US production would be centred at Spartanburg, South Carolina. The group is also closing a filament yarn plant at Millhaven, Ontario.

Pakistani oil plant contract

Crescent Petroleum, a small private Abu-Dhabi-based oil company, has won a $350m (£198m) contract to build an upgrading unit for one of Pakistan's oil refineries, writes Deborah Hargreaves.

The company will hold a 35 per cent equity stake in the project which is expected to be partly financed by the World Bank. The hydro-cracking unit will produce around 1.6m tonnes of oil products a year.

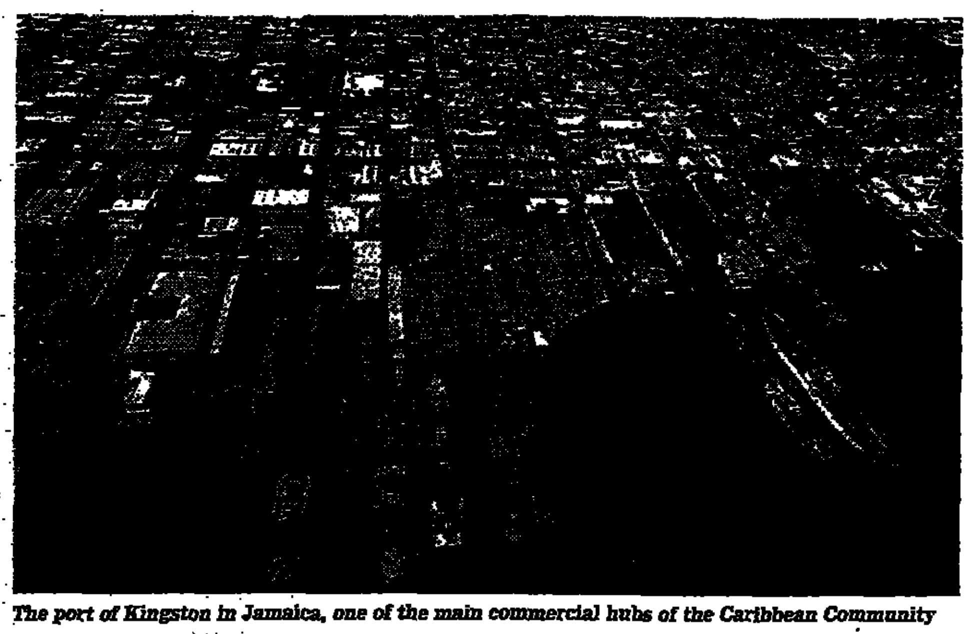
Tariff row spoils Caribbean community spirit

Moves towards a common market have fuelled policy disputes on protectionism, writes Canute James

EFFORTS by the Caribbean Economic Community (Caricom) to create a common market in two years are being hampered by continuing uncertainty over the establishment of a customs union with the implementation of a common tariff on imports from third countries.

The debate over the common tariff and the attacks which have been levelled at it illustrates the conundrum being faced by small, open economies seeking protection for nascent industries amid a global tendency towards deregulated trade. Caricom has argued that the common external tariff is needed to protect its members' economies while it creates the common market which would give it the strength to compete in the global marketplace.

But the structure of the common tariff, and its likely effect on trade, has been attacked by the US and queried by institutions such as the World Bank and the International Monetary Fund. This, combined with the reluctance of four of Caricom's 13 members to implement the tariff regime, has forced a rethinking in the community of the need for the tariff as it is now structured.



The port of Kingston in Jamaica, one of the main commercial hubs of the Caribbean Community

"The relatively high level at which the tariff has been set has been drawn to our attention by the multilateral institutions," said Mr Wendell Mottley, finance minister of Trinidad and Tobago. "They say the tariff levels in other parts of the world are lower, and that Caricom is not moving fast enough to deal with this. I foresee some debate on this matter."

Caricom, which has a market of 5.5m people, is made up of 13 English-speaking countries of the region, including Belize in Central America, the Bahamas, and Guyana in South America. The Community was established in 1973 with the aim of strengthening the economies of its members through increased regional trade and a common approach in trade negotiations with third countries. All members, except the Bahamas which is not a signatory of the trading agreements, had said they will implement the common tariff. However, several countries have repeatedly missed target dates, saying they feared adverse effects on their economies.

The common external tariff imposes low rates of duty on imports which do not compete with goods produced within the community, but sets high rates on any imports which are likely to injure domestic industry. Under the new tariff the highest rate of duty within the community will be 45 per cent and the lowest five per cent. This replaces a structure in which tariffs ranged from five per cent to 70 per cent. Rates differ where the imports are raw materials or finished products, and agricultural products will be given protection while inputs for agriculture will be subject to very low tariffs.

The US, Caricom's main trading partner, is unhappy with the structure of the tariff, and has suggested changes which it says are in keeping with the trend towards the removal of barriers. Mr David Malpass, the US deputy assistant secretary of state, said the common tariff will reduce Caricom's trade competitiveness by protecting vulnerable industries.

"I am concerned that the current structure of the common tariff could keep the region from achieving the competitiveness and growth which it so badly needs and wants." Mr Malpass said.

"The real crunch is the obvious tension between trying to protect vulnerable industries and sectors, and the need to liberalise to make these economies more efficient." Caricom's progress towards trade liberalisation was lagging substantially behind that of other groups in Latin America, such as the Central American Common Market and the Andean Pact, which have undertaken to impose a common external tariff with a maximum level of 20 per cent in general, Mr Malpass said.

The criticism was immediately rejected by Caricom technocrats. Mr Byron Blake, director of economics and industry at the Caricom secretariat, said US trade with Caricom had grown significantly from 1984, while there had been a decline in the exports of community members to the US.

While Caricom's tariff regime appeared to be a "real problem" for the US, he argued, it would neither reduce imports from the US nor impact negatively on regional competitiveness.

"Some Caricom members, such as those in eastern Caribbean, by and large have very low tariffs.

"Their exporters have not been able to compete in the extra-regional markets. So clearly there is not a question of tariffs which deals with our ability to compete." The 45 per ceiling in the community's tariff affected only a few products, Mr Blake said. It is now clear, however, that the community will have to rethink the manner in which it will create the customs union which it says is fundamental to transforming itself into a common market.

The nature of the likely alteration in the structure of the common tariff has been indicated by Mr Edwin Carrington, a former secretary general of the African, Caribbean and Pacific (ACP) group, and who will take office as Caricom's secretary general in September. Rather than having a regime which demands the same tariff levels, he argued, it is more realistic to determine which goods are produced, or can be produced, in the community.

"We can then design a tariff which deals with these products, but which leaves member countries to impose differing duties on products which are not produced in the community," he argued. "The entire instrument needs to be revised. The IMF and the World Bank are pressuring us to remove barriers, and the world is moving in the direction of lower tariffs."

Business leaders, such as Mr Pat Thompson, executive director of the Caribbean Association of Industry and Commerce, believe the problem has to be resolved quickly.

"If is it not then we will not have a common market because it is not possible to have a common market which does not have a common external tariff."

Daewoo in Vietnam trucks and buses deal

DAEWOO of South Korea has agreed to set up a $6m (£3.3m) joint venture plant to produce trucks and buses in Vietnam, the company said yesterday, AP reports from Seoul.

It will be Daewoo's first vehicle plant overseas. Daewoo officials said construction of the plant would begin in May.

Beginning in 1993, the plant in Vietnam would produce about 400 buses and trucks a year. Daewoo has agreed to a 60 per cent share in the venture and plans to invest more to produce passenger cars within the next two years.

South Korea has no diplomatic relations with Vietnam but business ties between the two countries have increased recently as Korean companies have sought to use low-wage Vietnamese workers. "It is part of the Daewoo Group's long-term projects to broaden its base in South-East Asia," a Daewoo spokesman said.

Other joint ventures sought by Daewoo in Vietnam include a hotel and plants to produce textiles and electronics. The group's main subsidiary, Daewoo Motor, has announced plans to establish a joint venture with First Philippine Holding and Westmount of the Philippines to produce buses and trucks.

Daewoo Motor, a joint venture of the group and General Motors of the US, is South Korea's second largest auto maker behind Hyundai.

Report urges tougher rules to curb arms trade

By David White, Defence Correspondent

ATTEMPTS TO control trade in weapons solely through agreements between supplier countries will fail in the long run to prevent proliferation and excessive arms build-ups.

This warning is one of the conclusions of a report published today based on soundings among a wide range of arms experts and decision-makers, including government officials from 16 countries in Nato, the former Warsaw pact and the Third World.

It also questions the extent to which "selective embargoes" such as those against Iraq and Libya can be effectively enforced.

The report by the Oxford Research Group, an independent study organisation devoted to security issues, says that "supplier regimes" – on the lines of the current Missile Technology Control Regime – were regarded as no more than holding operations that would slow down proliferation. Negotiations should aim instead at a "participatory regime" involving voluntary co-operation among all producers and buyers, on either a regional or a global basis, according to the report's findings.

Independent inspectorates could be set up to monitor compliance, with sanctions imposed on countries failing to agree to inspections or violating the rules.

"At no time has the political will world-wide been more favourable towards the negotiation of international controls," the report says.

It highlights widespread scepticism about the effectiveness of the UN arms register due to be set up in the aftermath of the Gulf war to record exports and imports of certain categories of offensive weapons.

Proposals for improving the register would be to include supplier nations' own arms procurement, disclose financial terms, and make the register publicly available.

The first data for the register, referring to 1992 arms transfers, is due to be supplied by April 30 next year.

The initiative is seen as a positive first step that can improve mutual confidence and provide early warning of regional military build-ups, the report says.

International Control of the Arms Trade, Oxford Research Group, 32 Warbourough Road, Oxford OX2 6JA, £10.

Rabobank joins in Chinese venture for trade finance

RABOBANK, the Dutch bank with strong roots in the Netherlands' agri-business sector, has signed a letter of intent for a trade finance venture with the Agricultural Bank of China, writes Ronald van de Krol in Amsterdam.

ABC will own 46 per cent of the venture and Rabobank will hold 18 per cent. Yasuda Trust of Japan and the International Finance Corp, the World Bank subsidiary, are also expected to take 18 per cent stakes in the venture, Rabobank said. It added that banks from Singapore, South Korea and Australia may join the partnership at a later stage.

The Shanghai-based joint venture, to be called the International Bank for Trade and Finance, will concentrate on financing trade with China. Loans will be made in foreign currencies to Chinese subsidiaries of foreign companies as well as to Chinese companies seeking foreign funds.

NEWS: UK

Newspaper launched into bitter battle for Britain's black readers

By Joel Kibazo

THE circulation battle among newspapers aimed at Britain's black population is set to move up a gear with today's launch of The Weekly Journal, the first broad sheet newspaper targeted at Britain's growing young black middle class.

The move has raised the temperature in a bitter battle for the 1.1m potential Afro-Caribbean readership in the UK.

Black readers are already served by the 10-year-old tabloid weekly, The Voice, whose circulation at 47,000, is double that of its nearest rival The Caribbean Times, and by Black Briton, which claims weekly sales of 20,000.

The Weekly Gleaner, owned by Gleaner Group of Jamaica, and first published in the UK in 1951 has a circulation of 15,000. Public sector advertising has been the mainstay for most of these papers.

The Weekly Journal is owned by Voice Communications, publishers of The Voice. The latter's dominance has been under threat from the midmarket tabloid Black Briton, which was launched last August by a former assistant editor of The Voice.

The Voice publisher's reaction was a hastily arranged revamp of the paper, *introducing* features such as 'the Voice Interview', reorganising departments, and launching an advertising campaign.

Financial muscle was also brought to bear when former staff members that had agreed to join the new paper and in some cases started work on Black Briton were suddenly lured back to the fold with greatly enhanced financial packages.

But a spoiler appeared to be the only answer, and with that the Weekly Journal was born. With a print run of 40,000 it is directly aimed at the young, educated, upwardly mobile black ABC1 group.

With the recession in advertising continuing and with Voice Communications declaring it is prepared to spend the necessary resources to support the new paper for "as long as it takes to make it a success" the battle for survival is on; althought it looks as though a casuality in the sector is increasingly likely.

Fresh Ulster talks begin at Stormont

By Ralph Atkins in Belfast

NORTHERN Ireland's political leaders began talking yesterday in a fresh attempt to test whether decades of distrust in the province can be overcome.

The resumption of negotiations at Stormont, outside Belfast, marked a reaffirmation of UK ministers' hope that by juggling conflicting aspirations of nationalist and unionist leaders, and of the UK and Irish governments, a political solution can be found.

Sir Patrick Mayhew, new *Northern Ireland secretary*, acknowledged the scale of his task in a statement talking of the province's political impasse being resolved, "step by step".

In fact the agenda, as in the original set of talks under former Northern Ireland secretary Mr Peter Brooke last summer, is far grander - exploring the "totality of relationships" including those between north and south Ireland and between London and Dublin.

Yet no participant pretends it is a "peace conference" to *end terrorist violence. Another* Catholic was shot dead in North Belfast yesterday by loyalist paramilitaries.

The timetable is tight. Three months have been set aside for the process. Talks - also involving Mr John Hume's nationalist Social Democratic and Labour Party and the cross-community Alliance party - are only planned for two or three days a week.

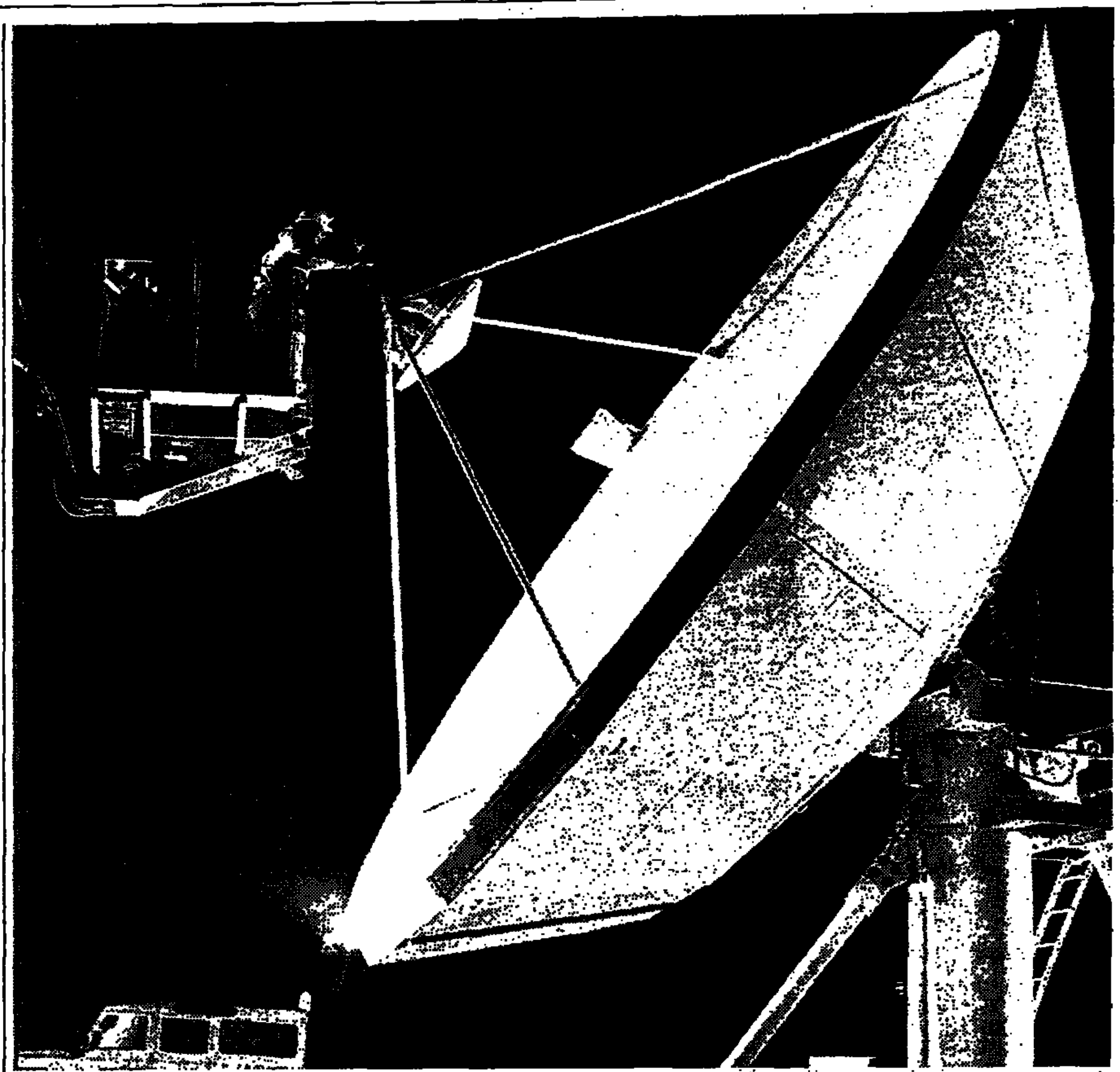
Most critically, "strand two" of the talks - when discussion turns from a devolved government to relations between north and south Ireland - is due to begin "within weeks".

It is the point at which the Irish government enters negotiations and a test of Unionists' willingness to talk to Dublin. It could be the breaking point. Differences between the two governments are more pro*nounced than at any time last* year.

Sir Patrick says Northern Ireland will remain part of the UK as long as wanted by most of its people; the Irish government has insisted the province's constitutional status is up for negotiation.

Nevertheless there is a sense of renewed optimism. Already the talks have almost exceeded the achievements of last year when seven weeks of wrangling delayed plenary sessions.

Ultimately, however, the *talks' success will depend on* the political will of the participants. Sir Patrick's statement hoped that "we be equal to the hour". Unionist and nationalist leaders showed they were willing to start negotiations. The next few weeks will show if they can go any further.



Putting the final touches to BT's latest satellite dish in Madley, Hereford, west England. The dish, which will be operational later this week, is designed to beam the BBC World Service and Star TV to Hong Kong.

Britain out of time on working hours in EC

David Goodhart on why the UK is isolated over today's crucial employment ministers summit

SOCIAL EUROPE

ABOUT 2m British workers who work more than 48 hours each week, and the thousands of companies they work for, *may have to radically* re-think their working time arrangements if European Community employment ministers today reach outline agreement on the EC working time directive.

If agreement is not reached today it will come at the meeting in June and, despite the probable opposition of the UK government, the working time directive could become part of UK law within months.

The "opt-out" from the next stage of EC employment legislation won by the UK government at Maastricht came *too late to fend off this directive*. And because the directive has been introduced under health and safety legislation it requires only a qualified majority. That means at least one other big EC country plus a small one, or three smaller countries, must side with the UK to block it.

UK officials believe there is a new willingness to do a deal, especially with Mrs Gillian Shephard, the new employment *secretary in the chair*, and that a high degree of flexibility in implementing the directive might be allowed at national level. If the UK government fails to find support for a veto it will probably launch a legal challenge to the health and safety basis of the directive. Alternatively, it may refuse to implement the directive and wait for the Commission to take it to the European Court of Justice. Either way there is no certainty that it would win.

So, if it were to be imposed on the UK, how serious would the directive really be for UK industry?

The directive has three main parts. First, a ceiling on the length of the working week set at 48 hours, including *overtime. Second, statutory daily* and weekly rest periods and restrictions on night work. The directive states there must be a minimum daily rest period of 11 hours and Sunday should "in principle" be a day of rest. Thirdly, four weeks minimum annual paid holiday, although for the first three years of the directives' life it will be only three weeks.

Not all workers would be covered *by the directive. There are complete* exemptions for some groups, including managers, the self-employed and transport workers, there are also "derogations" for other groups which allow flexibility.

Yet the imposition of such measures - particularly the 48 hour limit - would seem a classic case of the EC's legislative norms being imposed upon UK's more flexible system of industrial relations.

Almost all other EC countries, apart from Ireland and Denmark, have had detailed legislation in these areas for decades. Partly as a result there is a much stronger convergence of working time in other EC countries and far fewer people working over 48 hours.

In *both the UK and the rest of the* EC the average working week is close to 40 hours but in the rest of the EC 72 per cent of employees work between 35 and 40 hours a week compared with just 36 per cent in the UK.

The UK has a much higher incidence of part-time work and of long hours, taking only full-time workers the UK has the highest average in the EC at 45.5 hours. UK workers also do more overtime and more shift-work than elsewhere in the EC.

The total number of UK employees *who regularly work* more than 48 hours per week is 2.7m or 11.7 per cent of the workforce, far more than elsewhere else in the EC. There is a high concentration among particular groups of workers - rail workers, farm workers, crane drivers, food industry workers - mainly as a result of high overtime.

The cost to UK industry of maintaining current levels of output while complying with the restrictions is impossible to calculate. The government's estimate of £5bn - of which £3.5bn comes from the 48 hour limit - is not a serious one. It excludes all *exempted workers and is based on the* arbitrary assumption that the cut in earnings of those currently working over the limit would be no more than half the cost of restructuring working hours.

Some managers say it is good practice to cut chronic overtime and that the directive will give a helpful push in the right direction. Companies such as ICI are not enthusiastic but say *they can live with such restric*tions on the continent and with a bit of reorganisation could do so here.

Nevertheless the great majority of UK *companies strongly oppose the direc*tive and fear higher costs and reduced flexibility. In the baking industry, for example, where hours average 54 a week, the employers would be happy *to cut overtime if they could open the* main baking plants seven days a week.

But employers, and the government, argue that the directive runs against the trend for employers in both services and manufacturing to seek longer working time for expensive assets and for employees to seek greater flexibility.

That trend can be seen in the growth of annual working time agreements allowing for radical variations at different periods of the year. About 6 per cent of UK workers are now covered by such arrangements and *there is growing* interest in several other EC countries.

There is, indeed, some unease about the directive outside the UK, even though the effect will be much less. Luxembourg and Portugal believed, wrongly, that 48 hours excluded overtime and Denmark is against any weekly limit. But there is a strong Christian-democrat/social democrat consensus behind the directive and although efforts will be made to build in flexibility for the UK, employers should plan for the worst.

NEWS: UK

Labour reviews link with unions

By Ivo Dawnay and David Goodhart

THE opposition Labour party could take an important step towards reducing its historic links with the trade unions this autumn by ending the unions' role in the election of the party leadership, it emerged yesterday.

Such a move is being fuelled by mounting public criticism of the unions' conduct in the current leadership contest, not least the refusal of several of the largest to ballot members.

Mr Larry Whitty, the party's general secretary, said the national executive committee had agreed to an immediate review of the rules for future leadership elections which is to be completed before the Blackpool conference in October.

He conceeded that this might lead to a proposal for an immediate end to the present electoral college that gives 40 per cent of the votes to unions and 30 per cent each for MPs and individual party members in leadership elections.

Any change would have no bearing on the current battle between Mr John Smith and Mr Bryan Gould for the leadership or on the three cornered fight for the deputy leadership between Mr Gould, Mrs Margaret Beckett and Mr John Prescott.

It would limit the damage being incurred and speed up a deep-rooted revision of the relationship between the party and the unions that still control 90 per cent of the votes at the party's annual conference.

Officials from both sides said yesterday that the argument is increasingly between those who want a complete break and those who want a radical scaling-down of the union role.

A complete split is not yet supported by some unions leaders. Even reformers like Mr John Edmonds of the GMB general union, or Mr Gavin Laird of the AEU, who are happy to end union involvement in the electoral college, and even phase out the block vote (which gives union delegates the right to cast millions of votes on behalf of members), want to keep some union voice in policy-making. Mr Bill Morris of the TGWU general union is happy to relinquish the electoral college but wants to keep the block vote in some form.

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BA setback at hearing on competition

By Daniel Green

THE Civil Aviation Authority yesterday ruled against British Airways at a preliminary hearing over charges of anti-competitive practices.

In an unprecedented decision, it instructed BA to halve the number of flights it operates between Edinburgh and Manchester from four daily to two. That would allow a rival, Loganair, owned by British Midland Airways, to make a profit on the route.

BA said it was "surprised and disappointed" at the decision. It is to appeal to Mr John MacGregor, secretary of state for transport.

It will maintain four flights a day pending his decision, which is expected before the CAA's public appeal scheduled for June 18-19.

If upheld, the ruling would open the way for similar complaints such as that by Virgin Atlantic Airways against BA. The two are engaged in libel suits over allegations of anti-competitive behaviour.

More detail urged in company reports

By Andrew Jack

COMPANIES will be urged to provide far more detailed commentary of their activities in annual reports, by draft proposals issued yesterday by the Accounting Standards Board.

A new "operating and financial review" statement should give a balanced, objective statement of good and bad news including operating results, financial needs and resources and shareholder value, and should be written in an accessible style, the board recommends.

Mr David Tweedie, chairman, said: "What we're after is management going behind the numbers and helping people understand their business. I suspect many private shareholders will read this rather than the accounts."

The suggestions are likely to lead to a statement of best practice rather than the legally-enforceable accounting standards the board has been producing until now.

It would not be audited, because it is not part of the accounts. But one option being considered is whether auditors should be required to approve the statement to ensure it complies with the guidelines.

Discussion of the ideas – which are invited by July 17 – will lead to an exposure draft in the late autumn and could be converted into a formal statement early next year.

The board would like it to apply to all quoted companies, as well as other businesses including private companies and large entities in the public sector.

Among the more important items which the discussion paper says companies should discuss in the proposed statement are:

- Main risks and uncertainties facing the company.
- Capital structure of the enterprise.
- Strengths and resources of the business.

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Watchdog strikes new note on Europe

By Richard Waters

MR ANTHONY NELSON, the new economic secretary to the Treasury, has explained publicly for the first time the government's reasons for a planned upheaval in the regulation of financial markets.

He also restated the British governement's intention to oppose proposed EC legislation which could threaten the UK's securities industry, although he struck a less strident tone than his predecessor Mr John Redwood.

Mr Nelson said that responsibility for regulation of financial markets and non-bank financial services would not be shifted from the Department of Trade and Industry to the Treasury for another "month or so."

The move was announced in the Conservative party manifesto ahead of the general election.

Speaking at a dinner organised by the Securities and Futures Authority, one of the City self-regulatory authorities, Mr Nelson said the switch reflected developments in financial markets. "The present division of ministerial responsibilities rests on a view that banking and other deposit-taking activity can be placed in a seperate box from the rest of financial services, and that the two arreas can be viewed entirely seperately."

He added, though, that "the barriers between the different industries are crumbling," and that it made sense to bring together regulation of both the bank and non-bank sector.

The change would also give more weight to the UK financial sector's views internationally. He went on to say that he would seek a "market-oriented" approach in the proposed EC Investment Services and Capital Adequacy Directives, the second of which could be finalised before the end of June.

- The dividing line on big fraud cases between City regulators and criminal investigators should be reconsidered, Mr Christopher Sharples, chairman of the SFA, said.

Britain in brief

Names may force Lloyd's meeting

The troubled Lloyd's of London insurance market could be forced to hold an an extraordinary general meeting of the 22,400 Names – the individuals whose assets support underwriting.

Mr Richard Astor, acting on behalf of newly formed Names' Fraud Action group, has accused Lloyd's of doing insufficient to prevent the financial ruin of hundreds of Names.

He needs 100 signatures to force Lloyd's to call an EGM, which it has to hold within 42 days of receiving a requisition.

Lloyd's said the EGM bid "a curious thing to do". An annual general meeting is planned for late June – when Lloyd's will announce its results for the 1989 underwriting year. An EGM would "entail considerable extra expense".

Heseltine's support sought

Business leaders have called on Mr Michael Heseltine, the new Trade and Industry Secretary, to end years of alleged ministerial misunderstanding about the needs of British manufacturing industry and to champion its cause at home and abroad.

Mr Heseltine was given the message at a meeting with members of the Confederation of British Industry's National Manufacturing Council, set up earlier this year to promote the manufacturing sector. The session, with leading industrialists, was his first outside engagement since taking over the department.

He was told industry wanted a champion for business in Whitehall, at Westminster and in Brussels.

Those responsible for UK and EC legislation had to be asked to examine the impact on business, in particular in respect of costs.

Channel 4 faces contempt writ

The Department of Public Prosecutions has been given High Court permission to commit Channel 4, the TV company, for contempt of court over a programme on alleged police involvement in sectarian murders in North Ireland.

Fines or sequestration of assets are being sought against the Channel and Box Productions, the independent production company which made The Committee, a programme broadcast last October.

The programme featured an anonymous informant shown in silhouette. He described a secret terrorist organisation in which, it was alleged, members of the security forces, loyalist paramilitaries and local businessmen organised political and sectarian assassinations.

Channel 4 said that for the first time the authorities were using the Prevention of Terrorism Act to try to compel journalists to reveal sources and name the main informant.

Three groups beat index

Only three institutional investors managed to outperform the FT Actuaries All-Share Index in 1991 – Prudential Portfolio Managers, Eagle Star and Midland Montagu – according to a survey conducted by Equity International magazine.

The magazine, which annually surveys fund managers on their own results, found that exclusive of property investments, the three had returns in their balanced portfolios of 21.9, 21.8 and 20.8 per cent respectively. When property investments were included, the three posted slightly lower returns.

BT urged to cut prices

BT, the telecommunications group, should be required to make a one-off cut in its prices because it is earning "excess" profits, consumer organisations have said.

Both the National Consumers Council and the Consumers' Association, the UK's two leading consumer groups, argued that consumers should receive a one-off cut in phone bills as part of the price controls being negotiated by BT and Oftel, the industry watchdog. This would be on top of annual price cuts, which are expected to be a part of the deal.

The NCC said BT's profits were high enough to allow a 6 per cent across-the-board price cut or a 20 per cent reduction in rental and connection charges.

Pay offer likely to be rejected

Government employees' unions are likely to reject an expected Treasury pay offer of about 4 per cent for more than 300,000 civil servants, union officials warned.

The Treasury has not yet made a formal offer, but officials believe the NUCPS, which represents middle-ranking government employees, will be offered a headline increase of about 4.1 per cent. The CPSA, which represents clerical grades, is understood to be facing a headline figure of below four per cent.

The Treasury is expected to argue that performance-related pay will bring earnings up to 4.5 per cent, this year's floor for pay settlements.

Selfridges strike ballot

The shopworkers' union Usdaw is balloting about 1,000 members for industrial action at Selfridges, the London department store, over a pay offer.

The union, which represents more than 50 per cent of staff, says the offer represents a pay cut in real terms because the shop withdrew this year's contractual Christmas bonus without consultation. Members will vote on whether to strike and demonstrate outside the store for one day.

Construction orders rise

UK construction orders rose sharply during the three months to the end of February, according to figures published yesterday by the Environment Department.

But construction industry leaders were swift to deny that this indicated that a recovery may have begun.

The department said public and private orders placed with contractors rose by 2 per cent compared with the previous quarter and by 12 per cent compared with the corresponding period 12 months earlier.

The Building Employers Confederation representing 7,000 companies with a combined annual turnover of more than £30bn said: "We see no sign of recovery at this stage and are forecasting a further sharp fall in construction output this year."

Industrial action at bank

Industrial action by 16,000 Royal Bank of Scotland staff is likely to escalate if the bank continues to refuse pay talks, the banking union Bifu said.

The union launched an overtime ban and work-to-contract action just before the Easter weekend as part of its campaign of industrial action over pay. The union will discuss new measures early next week.

It has rejected an offer of between 2.5 and 3.5 per cent for clerical grades and a performance-related pay package for managers, which it says fails to guarantee a rise.

Ferry terminal to close

Maersk, the Danish shipping line, is to close its roll-on-roll-off ferry terminal at Dartford, Kent, next month with the loss of 134 jobs, less than two years after it took over. The company blamed the recession.

North Sea company fined

The Atlantic Drilling Company has been ordered to pay more than £100,000 in fines after the death of worker on a North Sea drilling rig in December 1990. The company was found guilty in the Aberdeen Sheriff's court of failing to provide a safe system of work under the 1974 Health and Safety at Work Act, as well as not obtaining certificates for equipment as required by regulations.

MANAGEMENT: MARKETING AND ADVERTISING

Karen Zagor reports on a macabre approach to promoting products.

Death as a salesman

In the past few months, the advertising world has lifted the veil from the last taboo of the late 20th century and started exploring the use of death, or at least mortality, as a messenger.

The most dramatic images of death come from Benetton, the clothing retailer already known for its willingness to upset accepted mores. In its latest advertising campaign, the company uses a series of photographs of disasters – ranging from an exploding car to an Aids patient on his death bed – with only the Benetton logo to identify the company and its product.

Athletic shoe makers have seized on a lighter approach, but there no escaping their *carpe diem* messages. "I believe Life is short. Play Hard," extols the Reebok ad. "Someday, since you are human, you will notice that time has passed and you are not who you were 20 years ago or 10 years ago or even last week," is the message from Nike. "Your life was programmed at the factory for continuous play. With proper care and maintenance your life will provide a lifetime of enjoyment," L.A. Gear proclaims.

Using dead stars to sell products is also increasingly popular. Diet Coke's latest offering employs the services of Humphrey Bogart, James Cagney and Louis Armstrong, with Elton John representing the living.

Perhaps the most macabre of all are the endorsements from the grave. Michael Landon, a popular American television actor whose well-publicised death from cancer dominated the tabloids and People magazine last year, can be seen on TV stations across the nation promoting educational study aids. "Because of Michael Landon's belief in this programme, he authorised the producers to continue its broadcast after his death," is the introduction to the television spot for 'Where there's a will, there's an A.'

Michael Landon's desire posthumously to promote a product, which has no relevance to the actor's life or death, is a long way from the first sombre use of a dead celebrity, when Yul Brynner spoke out against smoking for the American Cancer Society in 1986, in an ad made to be shown after his death.

"I really wanted to make a commercial when I discovered that I was that sick, and my time was so limited I thought I would make a commercial that says simply: 'Now that I'm gone, I tell you, don't smoke – whatever you do, just don't smoke'."

No one is quite sure why death has come out of the advertising closet, or how prevalent the theme will become. At Ogilvy & Mather, the person in charge of monitoring trends recently started a file on death. "There's a death theme that she's seeing more and more, and she doesn't know what to make of it," said Shelly Lazarus, who worked on the L.A. Gear account.

Some believe that western society will become increasingly concerned with ageing and death as the so-called baby boomers age and die. Others believe that Aids has thrust death into the limelight.

It is only recently that we've become squeamish about death. In his book, 'Western attitudes toward Death,' French social historian Phillipe Aries says "the more society was liberated from the Victorian constraints concerning sex, the more it rejected things having to do with death ... The interdict on death suddenly follows upon the heels of a very long period – several centuries – in which death was a public spectacle from which no one would have thought of hiding and which was even sought after at times."

Benetton, which has been charged with exploiting serious issues to sell sweaters, maintains that its provocative ads force people to think and discuss important issues, and that its target customers – 18 to 34-year-old women – "are more socially active and aware than any generation that precedes them. Various studies have shown that in 1992 consumers are as concerned by what a company stands for as they are about the price-value relationship of that company's products."

Larry Kopald, executive vice president of Foote Cone and Belding, a marketing consultancy, says: "There has been a tremendous reaction to the Benetton ads. Many people think it is a gross misuse of a real life tragedy, that is being used for shock value. I think that advertising is always trying to find new ways to make a message relevant, and this is a new way for some people to do it. I hope it isn't a trend."

Bill Katz, executive vice president at BBDO, the advertising agency, has not noticed an increased obsession with death but believes there is a trend away from "fluff and peripheral imagery and towards more substance and reality. It gets back to the pundits and soothsayers of our industry who try to plot and charter the future and believe the 1990s, with recession hitting, are about reality."

Banking on an ethical approach

Ethics are hardly a normal theme of corporate advertising, but they form the centrepiece of an ambitious campaign to be launched by the Co-operative Bank tomorrow which stresses businesses with which it refuses to be associated.

Few attempts to restructure a company can have been so fundamentally linked to marketing objectives or as widely tested among existing customers.

Terry Thomas, managing director and the bank's first marketing director when he joined in the early 1970s, makes no secret that the ethical stance is designed to win new business.

The issues highlighted were approved by 30,000 of the bank's 1.5m customers canvassed in a questionnaire late last year.

Those most widely supported – arms exports, environmental damage, cosmetics-testing on animals and human rights – are the ones to be used.

The first two television advertisements – which will appear in three northern TV regions, reflecting the bank's heartland – focus on environmental damage and arms exports.

They are striking for their simplicity, mostly filmed in black-and-white, with a series of sketched stills accompanied by a voice-over.

There is a long silence before the final message: that some banks will use depositors' money for unethical purposes, while the Co-op will not.

"They stand in contrast to typical financial services ads which are glossy, colourful and often criticised for not living up to expectations," says Simon Williams, head of marketing. "Ours are stark, straight-talking and come as quite a shock."

Press advertising will include the broadsheet newspapers and specialist magazines catering to some of the interest groups likely to respond to the issues the bank is raising.

The bank is coy about the costs of the campaign, although the bill is believed to be more than £1m.

Andrew Jack

Sitting down to the opposition

Daniel Green says big seats are among incentives on offer to win airline passengers

European and American airlines are lining up to win back long-haul passengers as the world emerges from recession. Virgin Atlantic Airways' launch of a "Mid Class" ticket this week was the latest manoeuvre in an increasingly bitter marketing war.

This is a critical moment for the industry. Airlines need to attract customers with low fares and then keep them with high standards of service and other incentives.

But the airlines are far from agreed over how to do this and have taken different tacks at different times. Some set store by innovative service. Virgin provides limousines to take passengers to and from airports, beauty therapy and massages. Others, like Swissair, prefer to promote a more traditional image, highlighting the personal attention they give customers.

Even passenger surveys disagree over what customers want. The US National Institute for Aviation Research at the University of Wichita, Kansas rates punctuality as the most important attribute. Next comes safety and baggage handling. Fares are some way behind.

The International Air Transport Association (Iata) said this week that the most important factor for business travellers it had questioned was a big aircraft seat. Ticket flexibility and fast check-in were next, with membership of a frequent flyer programme fourth and lack of crowds fifth.

Harold Shenton, an economist at Avmark, the aviation consultancy, warns that the Kansas research is misleading. He says it is based on interviews with airlines' own experts combined with records of what passengers most complain about. The Iata survey, by contrast, resulted from direct questioning of passengers who had identified their journey purpose as "business".

Neither improving punctuality nor fitting bigger seats to aircraft will be easy. Punctuality is often governed by airport congestion and is out of the hands of airline managements while bigger seats mean fewer people in an aircraft and possibly less revenue. The result could be higher fares.

Virgin chairman Richard Branson at the launch of Mid Class this week

Airlines are already raising published tariffs on the busy north Atlantic routes, partly in anticipation of rising demand. They are attempting to boost slow sales now by heavily discounting some tickets. The logic is that discounts can be abandoned at short notice if business picks up, while published fares take longer to change.

While passengers are still scarce, airlines have also renewed efforts to promote what the surveys identify as the most popular incentive: frequent flyer programmes which lead to free flights or upgrades.

Limousines to the airport and free gifts are playing a smaller part in this year's promotions.

Virgin's new Mid Class ticket reflects the changing mood, offering wider seats and special check-in desks. Virgin previously had economy class and "upper" – where prices were roughly comparable with business class on other airlines. Now, anyone who pays for a non-discounted economy ticket will travel Mid Class.

Virgin has much to gain. The rush to discount tickets, especially on the viciously competitive transatlantic market, has left Virgin with fewer than 4 per cent of its economy passengers paying the full fare. With Mid Class, it hopes to raise this to more than 10 per cent.

Although Virgin's extra layer of economy class is, perhaps, unique, the strategy is straight out of the long-haul travel management textbook: cut prices for leisure travellers and improve service for business passengers.

Others are doing the same thing. Canadian Airlines International is offering business class seats to passengers who pay full economy class fares. The strategy is risky. Instant upgrades and giving away free flights through frequent flyer programmes may cut revenues in an already tough environment.

But airlines are prepared to do this because they believe recovery is on the horizon. After nearly two years of recession, the business is lean and fit and demand could catch up with supply. If it does, airlines will be quick to turn away from the heavy promotion of bigger seats and free flights.

TECHNOLOGY

Claire Gooding continues a series on getting the most out of software by tackling the thorny subject of maintenance

Keeping the cash flowing

COMPANY SNAPSHOT
Standard Chartered Bank, founded in 1853, operates from 700 offices worldwide. The group's main strength is in the Pacific Rim, Africa, the Middle East and south-east Asia. It was formed from a merger of the Standard Bank and the Chartered Bank in 1969. Its Shanghai branch, opened in 1858, makes it the oldest foreign bank in China. Operations in Singapore and Hong Kong were opened the following year.
Nature of business: International banking, with operations in 50 countries.
Turnover/profit: In 1991 the bank showed a 37 per cent rise in pre-tax profits to £205m. Trading profits in the Far East rose a fifth to £184m.
Employees: 30,000 worldwide, of whom 4,200 work in information technology. IT expenditure is about £100m annually.

TECHNOLOGY FILE
Software: Core packages include Imex, a financial trading package, and IMMS, a back office support system, both from Surecomp. Also Hogan's International Banking Application, IBA.
Hardware: Five IBM-compatible mainframes running IBM's MVS/CICS operating environment are located in Malaysia, Hong Kong (IBM), Singapore and Wales (Hitachi Data Systems). The bank also runs more than 100 mid-range IBM computers (AS/400s, System 36 and 38s) and systems from ICL, NCR and Unisys.
Standard Chartered's policy is to remove its mid-range computers entirely and transfer applications to Novell PC local area networks, or to the large mainframe-based data centres.
Maintenance and testing: The Repeatable Test System has been developed on the back of two software testing products, Playback and File-AID.
Suppliers: Compuware, a privately owned US software house based in Michigan, with UK headquarters in Dunstable, specialises in automated software testing tools.
Value of contract: Initial licensing costs at the time of installation (1988) were around £150,000. Product maintenance fees are typically 16 per cent of contract value.

British banking is behind the times. Despite the millions spent on technology it still takes three days to clear a cheque. Automated Teller Machines (ATMs) are often not working or out of step with a customer's banking details.

This is partly due to the constraints imposed by the software which runs large banking systems. These represent a big investment but, once implemented, become a liability as much as an asset. A simple amendment to the software can cause chaos out of all proportion to the scale of the change.

In the banking industry, maintenance raises questions of scale, and not just because so many systems run on multiple mainframe computers serving thousands of ATMs. There are personnel and staffing issues, and multi-country operations to be considered.

Custom-built or bespoke systems pose the thorniest problems because knowledge of them tends to be esoteric, and confined to the original developers. It is for this reason that the Standard Chartered Bank has taken a long-term view of the maintenance issue when implementing new systems.

"The main foundation of our policy is that we do not develop programs, we buy packages in," explains Phil Reed, group IT manager. The bank also believes in developing in one central site, and then shipping out to others.

The policy is the result of a large technology review carried out by the bank between 1986-87. The issue of multi-country operations loomed large, as the systems in Hong Kong, Singapore, Malaysia and the UK varied widely. The businesses were of different sizes and all supported home-grown systems and maintenance teams. In Hong Kong, a Unisys system ran the retail side and an NCR system was used for corporate systems.

A review by Andersen Consulting focused on economies of scale. "The issue we faced was not just cost, but whether we could do it with the resources available," explains Reed. Standard Chartered's strong presence in the Far East also brought home the high expectations of customers there.

"As a customer, I regularly use banks in the Far East and the US, and I can be in and out in a couple of minutes having done everything I want," says Reed. "For the last two years, anyone in the Far East has been able to pay in money at the counter and check the correct balance on the ATM outside within 10 seconds."

This gave the bank a strong incentive to introduce improved business benefits at the same time as streamlining its technology on a worldwide basis. "The level of service we offered as a retail bank in the mid 1980s in the Far East was restricted: very similar to that offered in the UK now."

SOFTWARE AT WORK

The main aim was improved functionality, and "real time banking" was chosen as the best route forward. The implications of this were 24-hour banking and a high degree of on-line resilience; far higher than that needed by batch systems.

There were three main components in the plan: retail, treasury, trade finance and business (including corporate) systems. Standard Chartered decided on the package route for all. "The attempt to create new banking systems from scratch has proved time and again to be too difficult," says Reed.

He sees two big issues in the decision characterised as "the maintenance issue" and "the big picture". The trouble with all-singing, all-dancing systems, he observes, is that one person cannot keep the whole picture in their brain.

To this he attributes the downfall of several large-scale banking schemes that have been shelved several years, and several millions of pounds, down the development line. "The project manager and the MIS manager cannot have the whole view. Both have large teams which, although they might be termed development teams, are maintenance teams as well."

The solution to both these problems was to buy packages, sticking closely to those perceived as "standards" in the IBM world. "There had to be a common technical structure, however much people claim to be different," says Reed.

This fitted the bank's policy of delivering functions from one country to another. "The issues facing us when implementing packages are very different from bespoke software. The question is: do I modify my working environment to fit the software, or do I modify my package to suit my working environment?

"The answer is yes to the first – any other route throws away the benefit of using packages." It was a board decision that the packages should be "modified to a limit". Senior management is closely involved in the IT process, and recognises IT as a "people issue".

"IT and personnel report to one executive director because IT affects all employees and the way they operate. It's a personnel and union issue. We haven't got it right yet, but we do have a product management methodology."

This consists of managing the "product" from the cradle to the grave, the product meaning Reed's "big picture" of software product, benefits, culture and lifestyle. As with many successful projects, the first step is to get the most senior person in the business to sell it down the line.

The maintenance issue is woven into this philosophy. "Maintenance and development are intertwined. Everything has to be tested and tested well." But, he points out, user-testing is too expensive on a manual basis, involving users and programmers working day and night, larger machines to run test systems alongside live ones, and so on.

Reed's team came up with the concept of having various tools and products for maintenance. "If you glue them together with a methodology, you have a much-enhanced set of benefits so that you can use it over and over." The package approach ruled once again, and the bank turned to products from Dunstable-base Compuware.

Compuware's Playback and File-AID packages have formed the basis of a re-useable system for the testing phase – generally the Cinderella of the software development cycle. The pressure to deliver new systems often means that developers fail to test every possible path, and therefore miss the repercussions of "minor" changes.

Ian Weavers, manager of development environments for group IT, heads a small team in charge of testing. He believes few developers bother to treat their test data as a re-useable asset. "Completed test data were often discarded after use. This is a tremendous waste – as crazy as throwing source code away."

Testing is estimated to take up 40 per cent of the total development cost: a figure that stays constant in later releases, even where development costs lessen. Here the Repeatable Test System proved its worth.

The International Banking Application, from banking software specialist Hogan, was tested and implemented in Hong Kong initially. The two-year cycle was cut down to six months when the process was repeated in Singapore, and an even shorter cycle in Malaysia. The bank plans to use the system with IMMS and Imex from Surecomp.

Reed recognises his re-usable test harness as an asset, which saves the valuable time of programmers, users, and technical staff who would otherwise be involved.

On average, the combination of RTS and Playback has brought down the amount of user-acceptance testing down from 28 per cent to 2.3 per cent of total effort. Actual costs of testing dropped from £431,250 to £53,000.

"In a world where 53 per cent of defects are caused by changes, we have raised the quality of the software and reduced the time it takes to deliver working systems to users," concludes Reed.


'Our policy is that we do not develop programs, we buy packages in'

BUZZWORDS

REAL-TIME OPERATIONS demand speed and reliability because they are instantaneous. Often the computer code also triggers off a "real" or mechanical event, such as the control of an ATM.

BATCH SYSTEMS process high volumes of transactions, usually overnight, and are the basis of most older mainframe systems.

ON-LINE SYSTEMS provide "interactive" access to information, though the data may not be up to date if it fed by batch rather than real-time systems.

CONSULTANT'S CRITIQUE

The software industry has only recently moved towards the formalisation of testing and, more importantly, the automation of test procedures. Standard Chartered Bank has recognised that thorough testing is essential in any financial institution. The cost of errors can be astronomical.

The bank's approach is heartening to the professional developer. It has recognised that testing is a valuable asset. The past performance of a program is a useful yardstick to compare with the current behaviour.

It has also made a clear decision to "stick with the knitting". Since Standard Chartered is not a software house it wisely devolves the risks and costs of software development to the vendors. In doing so, it gives up some level of customisation and tailoring. On the other hand, it is free to change suppliers if service is not acceptable.

Phil Reed, IT manager, concentrates on ensuring that the packages fit the business. Interestingly, he states categorically that operational methods must be changed to fit the software. I would only agree up to a point. Much software is poorly designed — especially on mainframe systems. It is often written by programmers who have no understanding of the business. To let them dictate the day-to-day running of a multi-million pound business seems a little risky.

The bundling of IT with strategic planning and personnel is unusual. Hopefully it reflects the recognition of the links rather than a rag-bag of jobs that no one else on the board wanted. Reed has wisely avoided the snare of all-in-one systems and has looked at the best way of achieving the goals by integrating multiple packages.

Kevin Grumball
The author is a consultant at Software Design and Construction, of Milton Keynes

BUSINESS LAW

Long arm of US antitrust law

By Celia Hampton

On April 3, the US Justice Department issued the following policy statement on the extension of US antitrust enforcement policy to non-US markets:

"The Department of Justice will, in appropriate cases, take antitrust enforcement action against conduct occurring overseas that restrains US exports, whether or not there is direct harm to US consumers, where it is clear that:

1) the conduct has a direct, substantial and reasonably foreseeable effect on exports of goods or services from the US;

(2) the conduct involves anti-competitive activities which violate the US antitrust laws – in most cases, group boycotts, collusive pricing and other exclusionary activities; and

(3) US courts have jurisdiction over foreign persons or corporations engaged in such conduct.

This policy statement in no way affects existing laws or established principles of personal jurisdiction."

This statement was not innovative. It merely revoked a decision, expressed in a footnote to a 1988 policy statement, to reserve such action for cases where US consumers were harmed.

The decision is nevertheless disheartening. World trade is in a delicate state, poised between free trade and managed trade between blocs: it is not a good time to make assertive noises.

Nor is the move likely to be to the taste of other governments which take a more modest view of their right to interfere in business conduct beyond national frontiers.

On the positive side, the US policy signalled that it will be confined to cases of deliberate and obvious anti-competitive conduct: the examples given are among those which US law treats as anti-competitive as such ("*per se*"), and it is made clear that the words "other exclusionary activities" will be taken to mean only those of a similar type (for example, market-sharing and bid-rigging).

The enigmatic statement about "personal jurisdiction" also provides some comfort to foreign companies. It dispels an early anxiety that companies with a US subsidiary would be subject to US jurisdiction for that reason alone, or that the US subsidiary would be answerable for its foreign parent's conduct abroad. The Justice Department will stick to the normal rules, though these are not altogether comforting.

The responsibility of a US subsidiary for its parent's behaviour will depend on how independent the subsidiary is. Foreign parent companies would be wise to secure as much autonomy for their subsidiaries as is commercially feasible.

The courts' treatment of a foreign subsidiary virtually as an arm of the US parent, for example, in obeying a US political boycott, is not promising.

For the purposes of US domestic liability, the mere import of a foreign company's products into the US is not regarded as enough to establish jurisdiction over the foreign producer. But the level of contact with the US market needed to bring a foreign company within the US courts' jurisdiction can seem minimal, according to Mr Mark Cymrot of Baker & Hostetler in Washington DC. Owning property, providing an after-sales service or negotiating with a customer in the US may be sufficient.

It might be argued that the US courts would be less willing to try foreign subjects' liability where the issue arose abroad.

The Justice Department says that it "will continue its long-standing policy of considering principles of international comity" (comity means respect for the other country's way of doing things). It will also notify and consult with foreign governments before taking action (for example, under the 1991 EC-US antitrust co-operation agreement). But the US courts are the final arbiter of this question.

Enforcing antitrust law is not the sole prerogative of the Department: about 90 per cent of all antitrust lawsuits are brought by private parties, who can claim treble damages.

The new policy makes no change to this situation, but the Department's renewed determination to act may encourage private lawsuits.

Problems also arise out of the differences between US and other competition laws. US law may be good, but it is not universal. Other societies endorse the rules which they find most effective and best suited to their needs. Some rules may be looser, others tighter. Few other countries endorse enforcement through US treble-damages private lawsuits.

The Justice Department dilutes its reassurance about "comity" when it goes on to say: "If the conduct is also unlawful under the importing country's antitrust laws, the Department of Justice is prepared to work with that country if that country is better situated to remedy the conduct and is prepared to take action against such conduct pursuant to its antitrust laws."

This sounds rather decent – letting another country enforce its own competition policy on its own market – but it also warns that the Department may not be "prepared" to leave it to that country if local action fails to protect US interests as well as US law would.

Most countries would draw a line between protecting the domestic market from foreign-source abuse and enforcing the domestic rights of citizens abroad from abuse on the foreign market. The US does not.

An explanation may lie in the legal differences. US law treats as one what many laws treat as two distinct issues: competition law and unfair competition. Unfair competition is largely unknown to the English common law, which was the grandfather of US law.

When the US Congress passed the Sherman Act in 1890, it created a single protection of "trade and commerce" which combined both the protection of competition on the market and the private protection of competitors. It gives rise to public and private rights of action, both on behalf of the market and of competing suppliers. This was not entirely followed by competition laws elsewhere.

Competition law aims to secure free competition between suppliers on a given market; where the product or service comes from is largely irrelevant. It may give rise to private rights, but incidentally rather than as its purpose. Unfair competition law gives a supplier a private right of action for compensation against someone who damages his capacity to compete.

As far as competition law jurisdiction is concerned, there is an analogy with the traditional criminal jurisdiction over conspiracy, which is to be tried where it takes effect on the victims: the illegality of the conspiracy should be judged by the standards of the place where the harm is suffered.

Injury to competition would normally be tried in the market where it occurred. But, if treated as conspiracy, it can logically be extended to cartels agreed abroad but taking effect on the domestic market – a principle accepted in the European Community as well as in the US.

The situation covered by the US policy is not the same.

If US companies are excluded from a foreign market by a conspiracy, the competition loss is on that market. It would also be normal to sue for unfair competition in the place where the harm was done or where the defendants (parties to the cartel) were resident, that is, the foreign market.

However, if the cartel were treated as a conspiracy to cause harm to US exporters, it could be said that the effect on the victims – the US companies' lost export profits – took place in the US.

In that event, the narrower rules of criminal jurisdiction over foreigners should apply.

Many US lawyers are dismayed by the reinstatement of the Justice Department's policy. Not everyone shares Assistant Attorney General James F Rill's faith in US antitrust law: "Some observers have gone as far as describing the American belief in competition principles, embodied in our antitrust laws, as having almost a religious aspect. I readily admit to being a disciple of the faith in competition" (Paris, 1989).

Few would disavow competition as a worthy object of devotion, but a great many do not believe that it is exclusively embodied in US antitrust law – and certainly not in US enforcement of it.

The author is editor of Financial Times East European Business Law and executive editor of Financial Times Business Law Brief.

PEOPLE

New lives for Chalmers, Shaw and Thoresen

Two big life assurance companies have appointed new chairmen.

National Mutual Life, based in Hitchin, Herts, has appointed Norman Chalmers (left) to succeed Sandy Pease, who is retiring after 17 years as chairman and 29 years as a director.

National Mutual is a small life office, and very much a "niche" player – it produces only pensions, rather than general life insurance products, and it markets them exclusively through independent brokers and advisers.

It has a reputation as one of the more traditional offices and with Chalmers' background this seems unlikely to change much; he is a freeman of the City of London and is on the Court of the Worshipful Company of Gardeners. He trained at the Royal Military Academy at Sandhurst, and went on to serve as an officer in the Black Watch, before qualifying as an accountant.

Britannia Life, which also has a new chairman, is a very different animal. The change in personnel reflects a move to integrate Britannia Life more fully into Britannia Building Society, of which it is a wholly owned subsidiary.

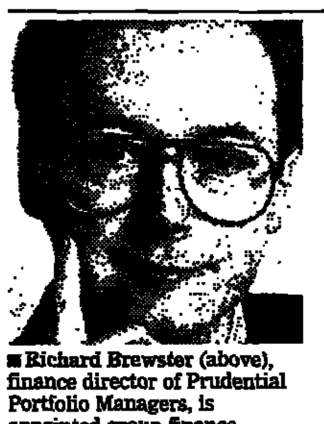
Calum MacLeod, the outgoing chairman, steps down on the completion of his five-year term. When he started, the company was a mutual society, called FS Assurance. However, he will continue as deputy chairman of Britannia Life, which is building a new headquarters in Glasgow.

Meanwhile, the new chairman will be Michael Shaw (centre), managing director of the main building society. The aim is to establish "a more direct reporting line to the society's management and board".

And at Royal Life International a replacement has been found for Richard Gough, the previous managing director lured away to set up Sun Life's new offshore life company.

Otto Thoresen (right), 36, will be RLI's new chief executive. Of Norwegian extraction, but with a Scottish accent, he is currently managing director of Royal Life on the mainland, and has previously worked in marketing for Abbey Life and Scottish Equitable.

Thoresen will be based in RLI's impressive, if slightly incongruous, new head office just outside Castletown at the southern tip of the Isle of Man. It is the largest life company on the island, with 170 employees, and the appointment of a man with a marketing background may signal further determination to find new outlets for its products. At present it has many customers in the Middle and Far East, but it is keen to move further away from the company's traditional exatriate market, and also reduce its dependence on one-off single premium products.



■ Richard Brewster (above), finance director of Prudential Portfolio Managers, is appointed group finance director of MERCANTILE AND GENERAL.

■ David Fischel has been appointed md of TRANSATLANTIC HOLDINGS.

■ John Charman, md of Charman Underwriting Agencies, has joined the board of SYNDICATE UNDERWRITING MANAGEMENT.

■ Timothy Philpot has been promoted to investment director and David Wells treasurer of the LIVERPOOL VICTORIA FRIENDLY SOCIETY on the retirement in May of Brian Hollands.

■ Nicholas Hoexter is appointed a director of IFICO.

■ Guy Whiting, previously md of Target Life, is appointed chief financial officer and actuary of NATWEST LIFE.

■ John Kemp and Anthony Kidd have been appointed directors of ANTHONY FALCON; Kemp moves from Bowrings Professional Indemnity and Kidd from Sun Alliance.

■ Stephen Hitchcock is appointed a director of CE HEATH.

■ Andrew Freeman and Brian Rothwell have been appointed directors of EW PAYNE.

■ Ian Trotter is appointed md of SUN ALLIANCE investment management on the retirement of Geoffrey Browne in June; Peter Foreman is appointed md of Sun Alliance Insurance International on the retirement of Eric Coward; Jim Rochelle is appointed md of Sun Alliance Insurance UK on the retirement of Bill Sclare. Peter Croucher replaces Rochelle as md of Sun Alliance Management Services.

■ Bill Jackson, director and general manager of DAS UK, is to retire in June after a career started in insurance in 1948.

■ Adrian Daly is joining HIBERNIAN LIFE as md designate on the retirement of Dan Corcoran who remains a non-executive director.

■ Anthony Asquith has been appointed a director of EW PAYNE COMPANIES.

■ David Beer, md of BAIN CLARKSON's surety and specie division, is appointed to the international division board. Stephen Wood is appointed md of the Bristol office.

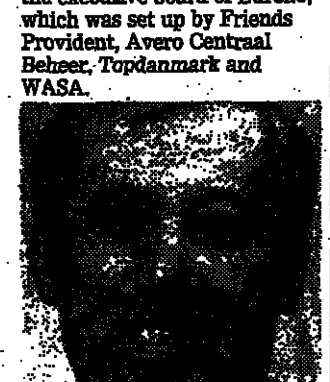
■ Norman Waite has been appointed a director of BOWRING Marine Reinsurance Brokers (London), and Roland Seoul a director and member of the executive committee of BOWRING MARSH & McLENNAN.

■ Peter Willis-Fleming has been appointed md of PWS ENERGY SERVICES.

■ Jim Hunt has been appointed director in charge of ELLISTON's London office.

■ Gary Stott has been appointed regional development director, north, of SEDGWICK JAMES (NATIONAL).

■ Jeff Medlock (below) has been appointed chairman of the executive board of Eureko, which was set up by Friends Provident, Avero Centraal Beheer, Topdanmark and WASA.



■ The media planning and buying group Aegis has announced the death on Tuesday evening of Francis Gross, co-chairman and one of the two founders of Carat, the main Aegis operating subsidiary. He would have been 57 yesterday.

One of the international giants of the media buying business, Gross joined his brother Gilbert, who first set up Carat in 1969. Peter Scott, chairman of Aegis, said: "Francis was one of the innovators and founders not just of Carat but of the European industry of media planning and buying. He was a man of immense inspiration and will be greatly missed."

Awarded the Legion d'Honneur in January 1989, Francis Gross took a leading role in Carat until some six months ago, when cancer was diagnosed. His major achievement in Carat was not simply to have built a successful company but to have extended that success internationally.

■ Gisela Gledhill is leaving Bass, the brewing, hotels and leisure group, where she has been company secretary since 1989, to take up a similar appointment at Wellcome, the pharmaceuticals group. Bass has appointed Philip Bowman, finance director, as company secretary pending the announcement of a successor.

Emma Thompson and Helena Bonham Carter in the Merchant-Ivory production of 'Howards End'

CINEMA

Prose and passion personified

Are you sitting comfortably? Then off we go. The rattle of horses and traps; the swish of Edwardian dresses; the tinkle of tea cups; the sight of great British actors rolling up their sleeves to tackle Great English Literature.

It must be – it is – another Merchant-Ivory adaptation of E.M. Forster. With *Howards End* the producer-director team continue their tradition of treading angelically where other fools might rush in. Their new film, like *A Room With A View* and *Maurice*, is a triumph of wit and delicacy, of non-obsequious faithfulness to Forster and of mind over narrative maze.

Howards End, Forster's last major work to be filmed, is a novel with Laocoon plot coils: the tale of two German-born sisters boldly bearing the banners of art and moral idealism into the philistine Wilcox family. Margaret Schlegel (Emma Thompson) befriends the dying Mrs Wilcox (Vanessa Redgrave) and later marries wealthy widower Henry (Anthony Hopkins). Helen Schlegel (Helena Bonham Carter), after a brief *coup de foudre* with young Paul, declares war on the whole clan when her bank-clerk friend Leonard is ruined by some casual bad advice from Henry.

But let us not strangle ourselves with plot. For Forster, these events were narrative tracery hung on a vast arboreal structure of themes concerning art and humanity. The novel begins with an exposition of Beethoven's 5th symphony; goes on to baptise that mantric phrase for our time, "Only connect"; and sees in its tale of two families a fable about prose versus passion.

Director James Ivory and screenwriter Ruth Prawer Jhabvala skip the mantric phrase and turn the Beethoven passage into a few seconds of knockabout lecturing by a mad musicologist (Simon Callow). Probably wise. A *film* is not a novel, and abstractions like Prose and Passion must be incarnated in real People.

Here Ivory's cast excels. Vanessa Redgrave, possessed of a seraphic intensity not seen since the *Delphic Sybil*, spreads a glow over the early scenes. She persuades you of her passion for Howards End – the house talismanically tussled over throughout the book – and her staring-eyed legato manner is a counterpoint to Hopkins's brusque, emotionally evasive staccato. Misses Thompson and Bonham Carter make a matching counterpoint: the first all grace, vivacity and anxious compromise, the second a Dresden shepherdess turned disappointed romantic who hurls emotional darts from her black-browed eyes.

The film sometimes slides towards cliché. Every Edwardian Summer gets its rowing scene, but an idyllic river is the *last* place to stage Helen and Leonard's doom-laden mutual seduction. And the music is somewhat wall-to-wall, as if composer Richard Robbins had been bitten by Philip Glass. But minor pains like this set off the major pleasure of the whole. Merchant-Ivory again confound critics ready to deal out the "lace-hankie" insults. Their best films, far from being cinema's answer to Emily Post, are prismatic visions of past times coloured, ironised and toughened by a modern sensibility.

★

Lawrence Kasdan's *Grand Canyon* is about the urban crises that happen around us daily. You know the kind of thing. You set out to see, say, a new James Ivory film at your local Odeon and on the way are attacked by muggers, accosted by Jehovah's Witnesses and shot in the leg by a runaway bank robber.

These and similar things happen to L.A. business executive Kevin Kline; and/or to wife Mary McDonnell, film producer pal Steve Martin and black tow-truck driver Danny Glover, whom Kline befriends in scene one after being rescued by him from a band of inner-city thugs.

HOWARDS END
James Ivory

GRAND CANYON
Lawrence Kasdan

MOBSTERS: THE EVIL EMPIRE
Michael Karbelnikoff

RICOCHET
Russell Mulcahy

JACQUOT DE NANTES
Agnes Varda

Kasdan's film is so all-inclusive that it resembles a *Which?* report on urban survival. It also has a sickly, messagey ending when the cast gaze out over the real Grand Canyon and wonder at the beauty of Nature's great divide as opposed to the great divides that humans place between themselves and – blah, blah, blah, we get the point.

No need of this to crown a film that displays at best a lithe and likable wit and a fresco-like breadth. Kasdan, wearing his social anatomist's hat (*The Big Chill*) rather than his genre practitioner's (*Body Heat, Silverado*), gives us characters pierced through with quiet desperation. Kline's middle-aged yuppie, guiltily flirting with his nervous-eyed secretary (Mary Louise Parker), is as much overdue for spiritual counselling as his wife, who wants to keep the abandoned baby she has found in a park while jogging there.

Even more of a stretcher-case – literally – is film-maker Steve Martin. He is shot in the leg by a mugger. Contrite, thoughtful, his limb in plaster, Martin renounces all idea of returning to the blood-and-gore movies he once lived off. Then, recovering, he changes his mind.

This too short cameo is the satirical jewel of the film. Kasdan should have tipped the balance towards him and away from the racial harmony subplot between Kline and trucker Glover. This is scored for maudlin, make-the-world-better dialogue worthy of *The Cosby Show*. But the film, 2⅔ hours long, pounds persuasively on even over its own potholes and presents an L.A. far more convincing than the brainless Lotusland usually immortalised for us by its denizens.

★

Mobsters: The Evil Empire tries to do for the truth-based gangster film what *Young Guns* did for the Western. For young Billy the Kid read young Lucky Luciano (Christian Roberts), Meyer Lansky (Patrick Dempsey) and Bugsy Siegel (Richard Grieco). Growing up from delinquent childhood into arrested adolescence, these glamorised psychotics carve up New York's organised crime industry even as they carve up, more literally, their enemies.

In this sepia-hued would-be epic directed by ex-commercials whiz kid Michael Karbelnikoff, cheeks are slashed, noses bitten off and craniums pierced by ice picks. A thousand bullets puncture twitching bodies in saunas or restaurants. A man is dangled from a penthouse before plunging to his death. (We hear the final crunch, splat).

As if this were not enough for impressionable filmgoers, we have Michael Gambon sauntering onto screen with an Italian accent: "When ah keem frahm Seecily . . ." But Gambon is the most magnetic thing around as a pouchy-eyed crime kingpin, closely followed by rival *capo* Anthony Quinn, roaring like a wounded bull over every tableful of pasta he consumes or destroys. The younger actors never match the older and there lies the rub. The film is like watching "Bugsy Malone: The Next Generation" as, amid the *Godfather*-surplus sets, Hollywood's newest brat pack demonstrates it is marginally duller than the old one and infinitely duller than the veterans showing off around them.

Ricochet, a crime thriller from director Russell Mulcahy (*Highlander*), is never dull even while it is silly. We do not believe one moment of this tale about a cop (Denzel Washington) being pursued *Cape Fear*-style by a psycho (John Lithgow) he once put behind bars. But we have a great deal of fun not believing it. Especially when the finale defies both gravity and plausibility atop L.A.'s picturesque Watts Towers.

Or you may prefer Agnes Varda's *Jacquot De Nantes*. The French film-maker assembles memories of her late husband, director Jacques Demy, and sticks them into a moving photo album. Disporting on a beach in Super-8 is the ageing Demy, grizzled veteran of *Lola* and *Les Parapluies De Cherbourg*. Working behind the scenes to turn him into a fictionalised little boy, playing in flashback with his first movie camera, is Mlle Varda. Deft, delicate, touching.

Nigel Andrews

Monteverdi Vespers

The Vespers of 1610 remain one of the most elating experiences music can offer. In Westminster Abbey on Tuesday I spent 100 minutes of rapturous absorption sucked into their unfolding as though I had never heard them before. Scholars advise that they are not to be thought of as a "whole work", that the order of their component sequences is by no means fixed, and that the exact combination of performing forces must remain a matter of dispute and debate. Yet when one encounters a performance so filled with animation, exaltation and bounding vitality as that by the Collegium Musicum 90 and Westminster Singers under Richard Hickox, it becomes impossible not to succumb to the succession of movements as a totality.

For the occasion Hickox had mapped out a path of wise moderation between the executive extremes that have marked recent fashions in putting on the Vespers – the sumptuous large-choral, large-instrumental feast on the one hand and the ascetic, single-instrument and choir-of-soloists meditation on the other. By employing a chamber choir, a band of period instruments and a team of eight soloists, the conductor ensured that both the private and public faces of Monteverdi's invention – the devotional pleadings and the splendid celebrations through corporate virtuosity – received their due.

He took many of the movements at a speed which taxed the choir's agility while building up an exhilarating sense of forward movement. The Abbey is, of course, a wonderful place for the Vespers. When solo singers are planted at far ends of the building, or in the pulpit, or high above the choir stalls, a balance of space, intimacy and reverberance is achieved that allows the music to be at once awesome and intimate – "personal" in the way that stamps, say, the "Duo Seraphim" as one of the key expressions of Italian humanism in music.

Among his group of soloists Hickox had found himself two tenors – Mark Tucker and Lynton Atkinson, young Englishmen both – whose vocal attack, colouring of tone and response to words proved blessedly free of the dreaded Anglo-Saxon good manners that in some circles pass for "authenticity", and that continue to dog British revivals of Monteverdi. In the "Duo Seraphim" the two duetted in a spirit of athletic competitiveness as well as of artistic comradeship. Mr Atkinson's outstandingly eloquent contribution to "Audi coelum" was in the best way worthy of an Italian tenor's: openly engaged with the rhetoric of the musical expression, alive to emotional nuances. If only more modern Monteverdi singing showed a similar engagement with the *italianità* of the vocal writing!

The Vespers, given under the auspices of Opera London Concerts in aid of Save the Children and other charities, will be repeated at Salisbury Cathedral on Saturday.

Max Loppert

Death and the Maiden

No doubt like many readers, I had seen the reviews but not the play – not until Thursday, by which time two new principals were safely ensconced in Ariel Dorfman's *tight, even-handed melodrama*. Reading just two or three reviews was enough, one discovered, to have learned almost everything about the action, swift and spare as it is. All that is left is to watch it being played out.

"Melodrama" is not meant insultingly, but it is the right word; the basis of the piece is a volatile, violent confrontation which may or may not end in murder. Several comparable plays have cropped up in recent years, often with a feminist slant: a woman turns the tables savagely on a male oppressor, generally after an attempted rape. Dorfman's version, however, enlists broader resonances in its background – from the black years in Chile (or any such place) when arbitrary arrests, torture and rape were commonplace, and the problem now of how to live with that unredeemed past when the quondam oppressors have slipped into respectable mufti.

The tension is well sustained, with the extra tease that Paulina's cornered "oppressor" may be a case of mistaken identity – but not electrifying. One's withers weren't wrung. Though the new heroine, the excellent Geraldine James, captures her sympathetically overwrought character with precision, she is not a creature with a really dangerous edge. We are quite sure that if that gun ever goes off, it will be just an accident, or a result of momentary panic. Perhaps her predecessor Juliet Stevenson suggested more unpredictable depths; in any case, for Anglo-Saxon prejudices a passionate, pistol-waving Latin American lady would present a naturally wilder threat.

Michael Byrne continues as her benign, ambiguous victim. Her temperate husband is now Paul Freeman, whose part in the implicit moral debate, as written, leaves him under-explored (*why* has he shied off discussing what happened to Paulina, all these years?) and slightly weak-kneed: we have to take his honourable *gravitas* on trust. At the end, it is doubly frustrating that the crucial facts are never established – since we know perfectly well that there could never have been a truth-of-the-matter, but at most only the playwright's whim.

David Murray

Duke of York's Theatre

Alastair Muir

Geraldine James

La Scala Philharmonic

This orchestra is substantially *that which plays for operatic* productions at the Milan theatre of the same name. A decade ago, when Claudio Abbado was La Scala's music director, he determined to give the band the chance to broaden its scope with purely symphonic concerts, and now under Carlo Maria Giulini's guidance the orchestra, taking its mission very seriously, has a Beethoven symphony cycle underway, being recorded by Sony. At its London debut in Barbican Hall on Monday night, the orchestra under Giulini showed us what it can do with the eighth and third symphonies.

Alas, it was not much at all. Good symphony orchestras are ever in short supply in Italy and La Scala Philharmonic *sets a high enough technical* standard to give its compatriot ensembles pause; but on Monday's evidence one is bound to say that this orchestra cannot begin to compare with those which routinely occupy London's halls. That the concert should have been promoted as part of a "Great Orchestras of the World" series was entirely preposterous.

The violins were sprightly (the leader impressive); there were odd moments of individual flair (first bassoon in the eighth symphony's third movement); the overall sound was *solid, on occasion vigorous*, and steadfastly unlovely. That in itself is not a decisive objection in the performance of these works: Beethoven's orchestration is hardly a sensuous treat. But it mattered greatly that ensemble was so consistently loose and intonation so unreliable. The woodwind were the sourest offenders in the latter regard: I have seldom heard such crashingly indifferent woodwind playing.

Most perturbing of all, though, was Giulini's indifference. The vibrant spirituality for which his interpretations are famed had given place here to dull, dutiful, Kapellmeister-ish time-beating. Tempi were plodding, attention to dynamic shading was minimal, and hardly any desire to secure *refinement of phrasing was* evinced. The performances were not without sonorous energy but it was of a crude, over-driven sort such as threatened to overwhelm and crush the first movement of the light-boned eighth symphony. The *Eroica* was sluggish and untidy and remarkably uninspired.

Paul Driver

Barbican Hall
Sponsored by Lehman Brothers International

Folk to the fore

John Drummond would once *have agreed with Thomas Bee*cham – "try everything once, apart from incest and folk dancing." Now he has changed his mind, at least about folk dancing. As director of the European Arts Festival he has decreed that almost a fifth of his £6m budget will be devoted to folk festivals.

This is understandable. Folk music is international and bubbles up from the community. With only three months to plan the Festival, the brainchild of John Major and created to celebrate the UK's six month Presidency of the European Community from July 1, it is naturally strong on relatively inexpensive grass roots events and short on big and costly galas which take time to organise.

Drummond, who has just retired as Controller of Radio 3, has spread the Government's money over 600 events. His aims have been to permeate the whole country, to include all art forms, and to reflect the artistic life of the eleven other community members. In many cases he has given money to events that were gleams in the eye of the organisers but which needed extra cash to come to full fruition.

Among the big names coming to the UK are the Théâtre du Soleil Ariane Mnouchkine, presenting *The House of Atreus in a former carpet factory* in Bradford; the Piccolo Theatre from Milan and Franco Zeffirelli's company, both coming to the National Theatre in London with, respectively, *La Baruffe Chiozzotte* by Goldoni and Pirandello's *Six Characters in Search of an Author*; and Greek Theatre Attis from Athens appearing in Cardiff and Belfast with a modern version of *The Persians*.

Dance is enhanced by the Netherlands Dance Theatre paying its first visit for 17 years, in Bradford, and Pina Bausch returning to the UK, to the Edinburgh Festival, after a ten year gap, plus Wim Vanderkuybus from Brussels, at Oxford, Nottingham and Newcastle, and the Bagouet Company from Montpellier on its *first UK visit*.

Among the foreign orchestras coming are the Royal Concertgebouw; the ECYO; and the Berlin Radio Orchestra. Many *of the grander events consid*ered, like Pavarotti in *Tosca* at Covent Garden and the British premiere of Stockhausen's *Sternklang* in Birmingham, would have happened anyway, but Festival money smoothed the way and it has enabled the Royal Opera to put on a Piazza live relay of *Tosca*.

Antony Thorncroft

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

■ BARCELONA

Gran Teatre del Liceu 21.00 Kathleen Kuhlmann stars in Steffen Piontek's Dresden production of La Cenerentola, also Sun. Sat: song recital by Frederica von Stade (412 1466). Tomorrow, Sat and Sun morning in Palau de la Musica: Gary Bertini conducts the Barcelona City Orchestra (268 1000)

■ BRUSSELS

Palais des Beaux Arts 20.00 Peter Hirsch conducts the Belgian National Orchestra and Brussels Choral Society in Haydn's Creation (507 8200)
Monnaie *20.00 Guido Johannes* Rumstadt conducts John Cox's production of The Rake's Progress. Repeated on Sat (219 6341)

■ CHICAGO

Orchestra Hall 20.00 Kenneth Jean conducts the Chicago Symphony Orchestra in works by Berlioz and Beethoven. An alternative programme with Goldmark's Country Wedding Symphony can be heard tomorrow afternoon, Sat evening and next Tues (435 6666)

■ COPENHAGEN

Royal Theatre 20.00 Choreographies by Balanchine and Laura Dean. Sat: first night of new production of Kurt Weill's Mahagonny (3314 1002)

■ FRANKFURT

Alte Oper 20.00 Montserrat Caballé and Marilyn Horne sing arias and duets. Tomorrow: Natalie Cole in concert (1340 400)
Opernhaus 19.00 Carmen with Alicia Nafé in title role. Tomorrow: Cosi fan tutte. Sat: William Forsythe's ballet Slingerland. Sun: Lohengrin (236061)
Schauspielhaus 20.00 William Forsythe's ballet Limb's Theorem, also Mon. Tomorrow and Sun: Shakespeare's The *Merchant of Venice (236061)*

■ GENEVA

Plainpalais 20.00 Ballet du Grand *Théâtre in choreographies* by Oscar Araiz, Antonio Gomes and Christopher Bruce. Repeated on Sat (311 2311). Tomorrow in Victoria Hall: Franz Welser-Most conducts the Lausanne Chamber Orchestra (329 2511)

■ LONDON

THEATRE

● A Slip of the Tongue: John Malkovich returns to the West End in Dusty Hughes' new play about a Czechoslovak academic's relationships with four women students during the 1989 revolution. Currently previewing. Press night May 11 (Shaftesbury 071-379 5399).

● Needles and Opium: moving between the Hotel Louisianne, Paris, in 1989 and 1949, Robert Lepage's new multi-media solo performance weaves together the disconnected threads of a young man's attempts to reach the lover who has rejected him. Opens tonight (National, Cottesloe 071-928 2252).

● Berlin Bertie: new Howard Brenton play about two sisters struggling with loss of faith, personal and political. Diana Rigg heads the cast (Royal Court 071-730 1745).

● Death and the Maiden: Ariel *Dorfman's Chilean drama* starring Geraldine James (Duke of York's 071-836 5122).

● Le Bourgeois Gentilhomme: Richard Jones directs the *National Theatre's new* production of Molière's comedy of manners. Now previewing, opens on Tues (Lyttelton 071-928 2252).

● For ticket information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

DANCE

Covent Garden 19.30 Kenneth MacMillan's Royal Ballet production of Manon, with Darcey Bussell. Tomorrow: L'elisir d'amore. Sat: The Fiery Angel (071-240 1066)

MUSIC

Coliseum 18.15 Michael Lloyd conducts David Pountney's production of Don Carlos, with Rosalind Plowright and Edmund Barham, also Sat. Tomorrow: Madama Butterfly (071-836 3161)
Sadler's Wells 19.30 D'Oyly Carte Opera Company presents The Yeomen of the Guard, also tomorrow and Sat. G&S season continues daily except Sun till May 16 (071-278 8916)
Royal Festival Hall 19.30 Jane Glover conducts the London Mozart Players in Beethoven's Fifth Piano Concerto (John Lill) and symphonies by Mozart and Mendelssohn. Tomorrow: Charles *Mackerras conducts the LPO.* Sat: Rohan de Saram gives world premiere of Roger Reynolds' new work for cello and orchestra. Tomorrow and Sun in Queen *Elizabeth Hall: Opera Factory* production of Monteverdi's Poppea (071-928 8800)
Barbican 19.45 Michael Tilson Thomas conducts the LSO in Bernstein's suite from A Quiet Place, Rakhmaninov's Third Piano Concerto (Vladimir Feltsman) and Prokofiev's Romeo and Juliet. Tomorrow: Andras Schiff with Chamber Orchestra of Europe. Sat: Purcell's Fairy Queen (071-638 8891)

■ MADRID

Teatro Lirico La Zarzuela Placido Domingo sings Figaro in tonight's performance of Il barbiere di Siviglia (429 8225)
Sala Olimpia Timon de Atenas, new opera by Jacobo Duran Loriga. Repeated on Sat (527 4622)
Edificio Cuzco Sergiu Commissiona conducts the Spanish Radio Orchestra in works by Brahms, Beethoven, Turina and Respighi, with Joaquin Achucarro piano soloist (581 7719)
Auditorio Nacional de Musica Violin recital by Igor Oistrakh. Tomorrow, Sat, Sun: Spanish National Orchestra and Chorus in Haydn's The Seasons. Sun: Daniel Barenboim conducts the *Berlin Philharmonic (337 0100)*

■ NEW YORK

DANCE

Metropolitan Opera *20.00* American Ballet Theatre in Prokofiev's Romeo and Juliet. Season runs daily except Sun till June 20 (362 6000)
State Theater *20.00* NY City Ballet in Peter Martins' production of Sleeping Beauty, daily except Mon till May 10 (870 5570). Tomorrow, Sat and Sun in City Center: Ecole du Ballet de l'Opéra de Paris (239 6200)
Joyce Theater 20.00 Lines Contemporary Ballet triple bill. Also tomorrow and Sat, with matinee and evening performances on Sun (242 0800)

MUSIC

Carnegie Hall 20.00 André Previn conducts the Dresden Staatskapelle in works by Strauss and *Beethoven (247 7800)*
Avery Fisher Hall 20.00 Kurt Masur conducts the New York Philharmonic Orchestra in Dukas' Sorcerer's Apprentice, Barber's *Cello Concerto and Tchaikovsky's Fifth Symphony. Repeated* tomorrow and Tues (875 5030)

■ PARIS

Théâtre des Champs-Elysées 20.30 James Conlon conducts the Orchestre National de France in Mahler's Second Symphony. Sun morning: Jean-Pierre *Rampal (4720 3637)*
Châtelet 20.30 Marek Janowski conducts the Orchestre Philharmonique de Radio France in works by Schoenberg, Haydn *and Brahms, with Waltraud Meier* soloist in Berg's Seven Early Songs. Mon: William Christie conducts Purcell's Fairy Queen (4028 2840)

■ ROME

Teatro Olimpico 21.00 Piano recital by Ivo Pogorelich (323 4890). Sat in Teatro dell'Opera: first of five performances of one-act operas by Mascagni and Alfredo Casella (488 3641)

■ ZURICH

Opernhaus 20.00 Two ballets by Bernd Roger Bienert, also tomorrow. Sat: Nello Santi conducts first night of new production of Semiramide, with Edita Gruberova (262 0909)
Tonhalle 19.30 Euler Quartet plays string quartets by Beethoven, Weissberg and *Schubert (201 1580). Sun in* Kirche St Peter: Tokyo String Quartet (261 1600)
Schauspielhaus 20.00 Gogol's The Government Inspector (221 2283)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly - global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Thursday April 30 1992

Kohl's moment of truth

WISE IMPERTURBABILITY or dangerous insouciance? Mr Helmut Kohl gained a well-deserved reputation for the former quality as he presided over the triumphant unification of Germany's two pieces two years ago. But in the last few days, with his governmental coalition facing a rash of internal squabbles and a spreading wave of labour unrest, the German chancellor's unruffled posture has begun to look more like the latter. Either his nerve is stronger than his current trade union opponents imagine, or he is riding for a fall that will have worrying consequences throughout Europe.

The challenges are certainly daunting. The last time there were public-sector strikes on this scale was in 1974, and on that occasion – combined with a deep malaise in the centre-left coalition – they spelled the downfall of Chancellor Willy Brandt. In the past few weeks, Mr Kohl has lost three valued ministers; support for his CDU party is slipping in the polls; and his government is having increasing difficulty containing spending in the face of public sector pay demands and the rising costs of unification. It no longer seems fanciful to ask whether the strains will prove too great for the traditional, consensual ways of doing business in west Germany to bear.

Unseemly jockeying

It would be wrong to overdo the parallels with past crises. Undeniably, Mr Kohl's position has been weakened by the events of this week – especially the announcement by Mr Hans-Dietrich Genscher, the veteran foreign minister, that he intends to step down next month and the unseemly jockeying between and within the coalition parties over the succession. Certainly this is unfortunate at a time when the government's top priority should be – through responsible fiscal behaviour and the Bundesbank's tight monetary policy – to tame inflation without plunging Germany into recession.

But there should be no reason for the government to be brought down. Mr Kohl's smaller coalition partners, the FDP and the CSU, may chafe at the allocation of ministerial portfolios, but neither of them could seriously contemplate jumping ship to join forces with the opposition social democrats. The SPD is, if anything, in deeper disarray than the government parties. Moreover, the CDU may be unpopular in the polls just now, but it does not face any elections – at national or regional level – until 1994. As Mr Kohl is well aware, he has a breathing space of about 18 months in which to sort out his government's political and economic problems.

Excessive burdens

The important question is how he uses it. For if the chancellor is to complete the task he began with unification, and engineer the transition to a market economy in eastern Germany, without imposing excessive burdens on the west, he will need to break with the style in which he has governed up to now.

The immediate imperative is to hold the line on public sector pay. No matter what pressure the unions apply, it would be immensely damaging if the government were to climb down now from its determination to keep wage rises below 5 per cent – in terms not just of public spending but also of the signal such a move would send to private sector negotiators, and to the Bundesbank.

Beyond that, the government needs to develop a clear and decisive strategy for controlling its own finances in the face of the spiralling transfers to, and debts being amassed in, the east. Such a plan is more easily called for than elaborated, not least because the way revenues and expenditure are apportioned at present between the federal government and the *Länder* (many of them SPD-controlled) provides little incentive for spending reductions. But Mr Kohl has done it before, in happier times – it was he, after all, who presided over the marked reduction in Germany's budget deficit during the 1980s.

Running as a common strand through these issues is the need for candour about the difficulties Germany now faces. The days are long gone when the chancellor could claim that unification would be complete in a matter of three to four years; everybody now knows it is a much deeper, costlier and more enduring challenge. Mr Kohl will not be able to meet that challenge on his own, but neither can it be overcome without him.

The challenge for the Labour party

THREE WEEKS ago, the Labour party presented itself to the electorate as an alternative government; today it hardly resembles a viable opposition. The abrupt resignation of Mr Neil Kinnock has left it effectively leaderless, at a time when it should be reflecting upon why it has lost four general elections in a row. Its behaviour over the past week, as factions have quibbled over the rules for electing a new leader while trade union bosses have called the tune, has been dispiriting. The temptation is to write it off completely. This should be resisted.

Democracy cannot function if there is no credible opposition. Yet while it is not certain that Labour can fulfil that role again, it is the largest opposition party Britain has. Some believe that that is a good starting point. The theory is that with "one more heave" Labour will find itself back in government. It improved its position in 1987 and again this year, bringing 69 new MPs into the Commons. A new leader, a little tidying-up of policy here and there, perhaps some tentative overtures to the Liberal Democrats and next time the Conservatives will lose.

It is necessary to reflect for only a moment upon the depth of the party's recent defeat to see that this is wishful thinking. At a time of deep recession, the Conservatives retained their previous share of the vote, while Labour was rejected by two-thirds of the voters. The lesson is unmistakable. Labour must restructure itself, or make way for a party that is better suited to the needs of the 1990s. The restructuring must be radical, perhaps more so than Labour can bear to contemplate.

Unions out

If it is to have any chance of winning a future election, it must first sever all formal connections with the unions. They may contribute to funds, as the AFL-CIO does for the Democrats in the US, but they should not participate *ex officio* in party affairs. This means no bloc vote at the annual conference, no union presence in Labour's policy-making counsels, and no union participation in the election of the leader. It is too late to avoid the latter absurdity in the present contest but if, as expected, Mr John Smith wins, his first action should be to start the process of de-unionisation. When it is completed he should re-submit himself for election.

To achieve that would be revolutionary by the standards of five years ago, but by the needs of five years hence it might seem a mere beginning, a clearing of the decks. Labour's fundamental problem, which it faces in common with other European parties of the left, is that it may serve no political purpose in a post-socialist age. Its original interest group, the organised working-class, is a dwindling minority. Its former generators of ideas, the leading socialist thinkers of the 19th and early 20th centuries, have been discredited by events and not replaced.

Tentative embrace

The result is that Labour's embrace of the market is tentative and uncertain. Its substitution of regulation for state ownership is disquieting. Its 1960s-style plans for redistributing incomes are indiscriminate and wasteful. It has failed to dump its Clause Four commitment to public ownership. Above all, it offers more government when taxpayers are unwilling to finance much, if any, more than the present amount.

The Conservatives are moving in the opposite direction. By the time of the next election, they will have devolved much more administrative power to unelected school boards, trust hospital managements, housing associations and other sub-branches of "Great Britain plc", all to be controlled by means of careful cost accounting at headquarters in Whitehall. If this great assemblage of quangos functions well, and gives people what they want, it will stick.

Yet Labour may usefully offer an alternative approach to the governance of Britain. The Celtic regions may still want home rule. Local government by independent elected authorities, may seem worth reviving. A party that thus espouses democratic reforms, champions the consumer, outflanks the Tories in its zeal for competition, thinks afresh on the environment, and finds some room for targeted help to the poor may yet stand a chance. But there is a great deal of rethinking to do to get from here to there.

The world's largest media group is restructuring $7.2bn of debt. Will the strategy work, asks **Alan Friedman**

A financial stitch in Time

Ever since it was formed in a $14bn merger in 1989, Time Warner, the world's biggest media group, has been out of favour with Wall Street. This week, as it launches a $7.2bn restructuring of the debt taken on in the takeover, there are signs that investors are starting to warm towards the company once more.

Many observers of the entertainment industry seem to have been persuaded by the company that its latest plan – being worked on by Bankers Trust, Chemical Bank and others – to reschedule most of its $8.7bn of debt will ease short-term financial constraints.

Debt has been the name of the game at Time Warner since its formation in a highly leveraged merger which ranked among the last hurrahs of 1980s corporate deal-making. Last year Time Warner spent $966m on debt servicing alone.

The onerous debt burden has preoccupied top management, eaten up large chunks of cash flow, hindered the company's ability to make large strategic acquisitions and plunged it into the red, in spite of healthy operating profits at its main divisions.

The search for a solution to the debt problem has highlighted the controversial management style of Steve Ross, the fast-talking chairman who recently engineered the resignation of Nick Nicholas, his co-chief executive.

It is a story of four personalities: Ross; his Israeli-born adviser, Ed Aboodi; Jerry Levin, the new co-chief executive; and Nicholas. Many of the differences between the two camps concerned how to get the debt down. Nicholas, for example, favoured the disposal of up to 2m of the group's 7m US cable television subscribers, which could have raised as much as $4bn and stabilised the debt picture quickly.

Nicholas wanted to sell off such operations, which he considered less strategic, in the same way as Rupert Murdoch disposed of assets at News Corporation or Lou Gerstner at R J R Nabisco. But Ross, as his friends note, never sells anything. He prefers complex financial mosaics such as the present debt restructuring being spearheaded by Aboodi, a friend who is part of the Ross kitchen cabinet.

The heart of the Time Warner debt restructuring plan is a fresh $6.2bn bank loan that shifts debt off the main balance sheet to a newly created subsidiary, and stretches out the timetable for repayments of principal that would otherwise have started to come due next year. There is also a separate $1.1bn private placement in the works that will replace other bank loans.

A closer look at Time Warner's finances suggests that the Ross-Aboodi approach, while conserving assets, is more costly to the company's shareholders, who have never seen a share price of $200, promised at the time of the merger. The rescheduled debt will probably carry a higher interest rate.

Nicholas believed that Ross and Aboodi were engaged in financial pyrotechnics that would neither boost the stock price nor generate enough cash to reduce the debt rapidly. In February he paid for his disagreement with Ross when he was forced out.

The elevation of Levin appears to mark the triumph of the highly personal style of management epitomised by Ross. Colleagues say Levin, who once headed Time Warner's cable division, is attuned to the entertainment side of Time Warner and especially to "Steve's way of thinking".

The Ross style was most harshly criticised by former Senator Abraham Ribicoff, an opponent of Ross's who quit the Warner Communications board in 1987 and made a blistering remark cited recently in To the End of Time, a book about the merger by former Time executive Richard Clurman: "I have never in my life been with a board so subservient to the chairman or the CEO," said Ribicoff, adding: "You have a bunch of morons on the board completely manipulated by Steve Ross, stooges to give Steve Ross anything he wanted."

One of the things Ross acquired with the Time Warner merger was a 10-year $196m compensation package, including $78.2m in 1990 and more than $70m of stock options in 1991. Substantial chunks of the package consisted of a one-off payment for his interests in Warner. Ross has been attacked fiercely by shareholders for the scale of his pay. This has been especially awkward in the current climate in the US, where shareholders are scrutinising the pay of some top executives.

Wall Street has generally applauded the replacement of the cost-conscious Nicholas by the more visionary Levin. Levin's defenders maintain that this is because he has a broader view of Time Warner's future than Nicholas, who, since resigning, has been depicted by Levin and Ross's allies as an unimaginative "bean counter".

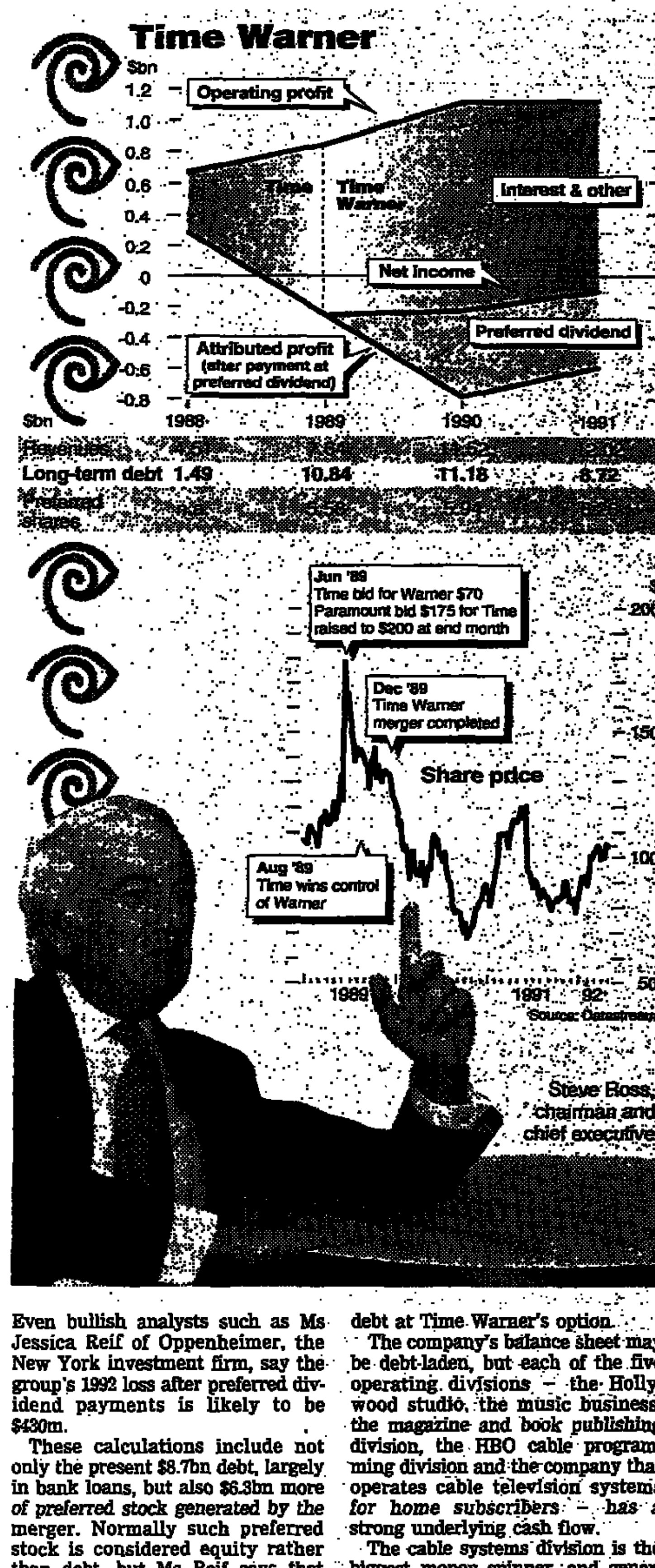
But a certain amount of bean counting is no bad thing at a behemoth such as Time Warner, with operating earnings of $2.26bn in 1991, and debt-servicing costs that resulted in a loss of $692m.

Ross has been full of optimistic forecasts for the future of his company, but with a few exceptions, such as the cable business, few new revenue streams and profit sources have been created by the supposed synergies touted at the time of the merger.

In the words of Allan Sloan, the US columnist: "As far as I can see, the formation of Time Warner resulted in one giant, high-debt company replacing two big, low-debt companies that were perfectly able to compete on their own."

As presently structured, Time Warner's debt calls for annual repayment of principal – of $2.3bn in 1993 and of $1.4bn each year from 1994 to 1997. Projections by analysts who have studied Time Warner's accounts indicate that the company will not achieve a net profit – defined as net after all interest and dividend payments costs are calculated – before 1994.

The debt rescheduling now under way will stretch out maturities.



Steve Ross, chairman and chief executive

Even bullish analysts such as Ms Jessica Reif of Oppenheimer, the New York investment firm, say the group's 1992 loss after preferred dividend payments is likely to be $430m.

These calculations include not only the present $8.7bn debt, largely in bank loans, but also $6.3bn more of preferred stock generated by the merger. Normally such preferred stock is considered equity rather than debt, but Ms Reif says that "nobody thinks of this as equity. It's debt." The reason, in part, is that the stock can be converted into debt at Time Warner's option.

The company's balance sheet may be debt-laden, but each of the five operating divisions – the Hollywood studio, the music business, the magazine and book publishing division, the HBO cable programming division and the company that operates cable television systems for home subscribers – has a strong underlying cash flow.

The cable systems division is the biggest money spinner, and generated nearly $900m of operating income last year, followed by music ($560m), films ($390m), publishing ($246m) and cable programming ($195m).

Unlike Murdoch, who sold off assets, Ross has pursued complex fund-raising ventures devised by Aboodi, who is not a Time Warner executive but who sits in company headquarters and plots company strategy.

Aboodi was behind last year's controversial rights issue, which eventually raised $2.6bn, but only after a revolt from investors – alarmed that their holdings would be seriously diluted if they did not participate – caused Time Warner to make a change in the offer terms.

The 50-year-old Aboodi was also the man behind a joint venture, soon to be completed, with Japan's Toshiba and C Itoh, the trading house. The Japanese companies are putting up $1bn for 12.5 per cent of a Time Warner subsidiary that includes the company's movie, cable programming and cable operations assets and is called Time Warner Entertainment (TWE). The next step of the joint venture plan is to try to raise another $1bn or $2bn by bringing in a European partner or Chinese-language investor from Hong Kong, or even a US partner.

Bankers say Aboodi's most urgent priority, which should come to fruition by June, will be to move $7bn of Time Warner's $8.7bn of debt over to TWE.

The debt rescheduling, assuming it succeeds, will probably be presented as a victory by Time Warner. Yet moving debt to an 87.5 per cent-owned subsidiary does not make overall debt servicing costs, of $800m to $900m a year, go away. Stretching out billions of dollars of principal repayments, however, will at least put off the day of reckoning.

There is another reason why TWE is not a panacea for Time Warner. As part of its creation of the subsidiary vehicle, TW will spend about $1bn to buy up the remaining 18 per cent it does not already own of American Television and Communications (ATC), a publicly quoted cable operating subsidiary. ATC will then be placed in TWE.

"The $1bn comes in from Toshiba and Itoh and it goes out again as new net debt to pay for the ATC shares," says one adviser to Ross.

A top Time Warner executive, with knowledge of the company's financial commitments, puts it this way: "This company has been jumping through unbelievably complex hoops, but it hasn't really changed the debt profile."

Time Warner is very sensitive to outside criticism – from shareholders or from the media. It has argued that critics focus too narrowly on its debt burden, which masks the group's real strength in cash flow terms.

In the past, Ross has always managed to confound his critics, rising from his first job at an undertakers to his present role as one of the US's best-known and best paid executives. Now in poor health, he is determined to preserve his legacy at Time Warner. With Levin as his heir apparent, a debt rescheduling under way, and Wall Street warming to his cause, he has gone some way towards achieving this ambition. History's judgment of his achievements, however, are likely to rest on whether the next few years produce a lasting solution to the debt problem and some clear evidence of the synergies promised from the merger. Unless Time Warner can deliver these, Wall Street's more favourable view of the company may prove temporary.

BOOK REVIEW

Ideas into actions

MAYNARD KEYNES, AN ECONOMIST'S BIOGRAPHY
By D E Moggridge
Routledge. £35. 941 pages

John Maynard Keynes was one of the decisive thinkers and shapers of the century. He pointed out that, in a market system, economies can stumble along indefinitely in deep depression without any certainty that they will necessarily correct themselves. A company can improve its position by sacking workers and cutting investment, but not a whole economy.

Keynes had nothing but contempt for those who could not, or would not, see beyond the operations of finance to the realities of jobs, incomes and human needs. The idea that Britain could have plentiful unemployed labour and materials and machinery lying idle, and yet could not "afford" to build new houses or roads or other public works was a "delirium of mental confusion".

Economics was, for Keynes, not a search for timeless truths, let alone a set of inexorable laws by which we are obliged to live, providing wealth for some and misery for others. Economics was a method of analysis, essentially historical and empirical, a modest and hesitant attempt to apply reason to current problems in order to alleviate them.

Because of his unique personal access to the centres of British life, Keynes was able to mount persistent and ultimately successful campaigns to persuade governments to adopt new approaches. From his experience as a Treasury official during the First World War, when he was given huge responsibilities for the overseas financing of the allied war effort, he understood the minds and aspirations of politicians, civil servants, bankers and businessmen. He mastered the complex processes of inquiry, debate, pressures and bargains by which policy is actually made. Since he was clever, rich, self-assured, well-connected, witty, arty, homosexual and usually right, he made many enemies. But his life is a wonderful example of how ideas can make their way into political action.

If, in the west, the second half of the century has largely escaped the prolonged mass unemployment, damaging trade wars, and associated political extremism which marked the inter-war years, much of the credit belongs to Keynes.

In his large new book, D E Moggridge attempts a comprehensive account. As Keynes himself noted in his vivid biographical sketches of economists, men and ideas cannot be separated. Even the most innovative thinkers share the spirit of their age.

Professor Moggridge was one of the editors of the excellent 30-volume edition of Keynes's economic writings published between 1971 and 1989 by the Royal Economic Society and Macmillan. He has also explored the huge archive of personal papers (equivalent to another 100 volumes, he estimates) and other public and private records.

He sticks closely to the documents and is more an editor than a biographer. In a misjudged attempt to be comprehensive, he includes a great deal that obscures and slows his narrative. When Keynes joins a committee we are given the names and dates of the other members, and sometimes their subsequent careers even if they never cross his path again. During the years when Keynes was associated with the Bloomsbury group, he can scarcely have tea without our having to be told whether Ottoline or Vanessa or Duncan or Bunnie was there too. Although a Canadian, Moggridge easily slips into the English reverential style, to which books on Bloomsbury seem especially liable, whereby everybody who goes to this or that school or college, or who becomes a member of this or that undergraduate club, remains for ever beautiful and brilliant.

The chapters on the economic controversies include slabs of summaries from Keynes's writings. However, Moggridge offers little explanation of the issues and the choices to which they relate or of the comparative magnitudes. Figures in, say, 1925 pounds are meaningless without some indication of whether they were big or small or catastrophic in the circumstances of the day. The book tells us what happened but seldom helps us to understand why.

Did Keynes ever admit to himself that the book on which his reputation was built, The Economic Consequences of the Peace, was seriously deficient? Why is his most famous work, the General Theory, so tortuously obscure? When Keynes wrote to persuade, his style was bold and colourful, full of vivid and amusing metaphors, memorable images and striking phrases. Did Keynes make this book inaccessible to keep out policymakers? Did Keynes's intense feelings for Karl Melchior, whom he met at the post-Armistice negotiations, influence his subsequent attitude to Germany, which was sometimes too sympathetic? Many such questions remain largely unaddressed.

The best part of the book is the account of Keynes's successful efforts, along with the American, Harry Dexter White, to devise and establish a new postwar regime for international trade and payments. The International Monetary Fund and the Gatt, which even former communist countries are now eager to join, are among the most visible reminders of the scale of his achievement.

William St Clair

PERSONAL VIEW

The new utopias that threaten Europe

By Jacques Calvet

Has Marxism already been replaced as a political and economic utopia, so soon after its demise?

One would think so, to see the influence of liberalism and federalism in shaping tomorrow's Europe. These new ideals have fostered new utopias which pose a serious threat to the European Community's future, both economic and political.

On the economic front, the dangers are threefold: competition policy, free trade and monetarism. Of these, competition policy is the most significant. Liberal influence underlies most of the European Commission's powers to deal with trusts, abuses of dominant positions and government subsidies.

Although administered with the greatest restraint until the economic expansion of the 1980s, competition policy was given disproportionate importance by two energetic, opinionated competition commissioners, Mr Peter Sutherland and then Sir Leon Brittan, relegating the Treaty of Rome's other policies to secondary roles. Recently, its reach has even extended to regulating industrial concentration, a master stroke of the French presidency which rebounded on it in the De Havilland affair, when the Commission outlawed the planned takeover of the Canadian aircraft company by Aérospatiale of France and Alenia of Italy.

At the same time, the Commission launched a witch-hunt against state subsidies, which seriously harmed several EC-owned companies, but did not touch the European subsidiaries of their US and Japanese competitors. European – and especially French – businesses thus find themselves hamstrung on their home turf.

The second false utopia is free trade, consecrated in late 1985 by the signing of the Single Act. Although the vast new market, with its elimination of internal borders, was supposed to be a giant step forward for Europe, it was nothing new for large corporations, for which these frontiers had long been merely symbolic. The policy would not have been so bad if a common border to separate the EC from the outside world had been established. But Europe unilaterally disarmed without anything in exchange.

In the auto industry, Europe had to beg Tokyo for an agreement that will offer Europe's car market to the Japanese on a silver platter. Since then, European carmakers have all announced redundancies, some of which will be huge.

Even including the jobs that will be created by transplants, the European car industry will lose 70,000 employees by 1996. The Japanese car industry will gain 50,000 jobs over the same period. The European policy that creates this situation has to be strange.

The third and most recent false utopia is monetarist economics, which emerged with force in Maastricht. The proposed economic and monetary union uses solely monetarist criteria – inflation rates, enforced parities, long-term interest rates and balanced budgets – to arrive at a single European currency.

Those who drew up the treaty forgot to organise any co-ordination of national economic policies, without which union can never occur. So the treaty needlessly sacrifices the state's essential rights, and does nothing to solve the real problem: the Ecu's parities with the dollar and the yen.

We therefore urgently need to return to reality, and thus to business, which was largely ignored by the Treaty of Rome and which today is threatened by the treaty's blind application. Economic success will never come from an ideology, whether it be protectionist or free trade. On the other hand, economies that really work, like Japan or Germany, owe their success to something else: the primacy of business, and the marshalling of all the nation's vital forces to serve it. Europe must therefore return to three economic truths:

Economic success will never come from an ideology, whether it be protectionist or free trade

- Europe is not a marketplace inhabited only by consumers. Establishing a central European authority does not mean creating a power that decides between good and evil, but one that has the best interests of business at heart. Europe does not care about a competition policy; it needs an industrial policy. Concentration must be facilitated, not condemned, and alliances encouraged, as long as they are forged between Europeans. Subsidies must be authorised, as long as they are granted equally and within the framework of a European development policy.
- A market economy's freedom of action cannot be organised through coercion and intimidation. There must be a political body that sets rules that are clear-cut, stable and the same for everybody, and these rules must favour European companies.
- Lastly, Europe must stop being afraid of itself. The so-called "global economy" is merely a smokescreen for European faint-heartedness and US and Japanese ambition. Europe will never be the leading industrial power unless it defends its interests and takes up the same arms as its rivals.

If we do not come back to these simple principles, we must realise that the current utopias will bring the downfall of our businesses and the disappearance of our states.

The return of economic utopias goes hand in hand with the resurgence of a political utopia: federalism.

The centralisation of power leads away from democracy. National parliaments are incapable of keeping track of the twists and turns of decisions of a handful of experts. Day in and day out, these technocrats alter economic realities that none of them understands or cares about.

But since Maastricht, federalism has become the official doctrine, even if the term itself was deleted at the last minute at the UK's request. This is particularly disturbing at a time when federal systems are falling apart all over the world, as we can see in Russia, Lebanon, Belgium, Canada and, more tragically, Yugoslavia.

Moreover, federalism in Europe is incapable of coping with two important challenges. The first is German expansion. Each day Mitteleuropa is becoming a more powerful reality. It takes an unusual Lilliputian complex to believe that the ties of federalism will lessen the giant's strength. Federalism is based on fear.

The EC – and this is the second challenge – is a victim of its own success. Candidates from all sides are flocking to join. Considering the Community already works poorly with 12 members, would it be manageable with 19 or 25?

It is imperative that the Community's executive branch be inter-governmental in nature. While it would be tempting to introduce majority rule for the sake of efficiency, this is unacceptable when essential interests are at stake.

Furthermore, states must delegate only the minimum authority to Brussels. And we must restore the power of national parliaments, rather than strengthen a European Parliament that so far has failed to be convincing.

Today Europe has come to the moment of truth. It will not find salvation in naive or outdated doctrines. What we need is neither "more Europe" nor "less Europe" but rather "another Europe".

The author is chairman of PSA Peugeot Citroën.

Calvet: 'The EC is a victim of its own success'

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and *not hand written. Please set fax for finest resolution*

Taurus role in cutting cost of share registration

From J S Watson.

Sir, In his letter (April 16), Mr Nunnenely, the chairman of the Institutional Fund Managers' Association, makes the point that to designate individual investors' holdings within a fund manager's nominee would add to the cost and complication of administration. He is, of course, correct and I would suggest that he is somewhat understating the case.

The introduction next year of Taurus, the Stock Exchange's new system for transferring and registering shares, will significantly simplify and automate the registration process. It will be perfectly possible and preferable for fund managers to maintain separate accounts for each investor so that individual holdings are recorded and visible on the company register.

The Stock Exchange has already indicated that it may wish to go further once the Taurus system is in place and make statutory enquiries on any remaining nominee holdings easier and replies faster.

In the meantime, while we grapple with the existing paper-based system, I wonder if fund managers could go some way towards relieving the fears of investors whose holdings are maintained in nominee accounts.

Company registrars must, by law, make the register of shareholders available to the public for inspection. Fund managers could, voluntarily, make the underlying investor detail of a nominee company available on request to clients or their auditors.

Such an offer would allay many fears and would make it clear that nominees are currently used to ease the administrative burden and are not there to hide impropriety.

The nominee system is a well-established means of reducing the already vast amount of paper involved in transferring and registering shares; until Taurus removes all the paper from the system, it is unreasonable to expect a big change.

A voluntary disclosure of underlying shareholders would enable a swift transition to Taurus without having to multiply the paper handling costs in the interim.

J S Watson,
Taurus project director,
London Stock Exchange
London EC2

Political dimension of drug prices in EC

From Mr Anthony H Wild.

Sir, Your article, "Car prices vary by 40 per cent in parts of EC" (April 27), very succinctly points out a major pricing problem in the EC. This example pales into relative insignificance, however, if one looks at the 200 per cent-plus discrepancy between prices of pharmaceuticals in different EC countries.

Also, unlike the case of retail car prices, the cause of the drug price problem is a relatively simple one: artificial price fixing and squeezing by some governments.

Politicians and bureaucrats find drugs to be the only sector of healthcare where they feel it is politically possible to cut costs to balance their books, without considering whether pharmaceuticals can save costs in the long run by cutting down on hospitalisation and other costs.

Anthony H Wild,
president,
Schering-Plough KK,
2-6 Awajimachi 1-chome,
Chuo-ku, Osaka 541,
Japan

Rate cut is the cure for Germany

From Mr Geoffrey Gardiner.

Sir, If economists will disregard textbook theory and look at the empirical evidence they will realise that high interest rates are causing the big increase in the money supply in Germany, not curing it.

It appears that the endowment effect is particularly strong in Germany and increased interest rates have caused bank profits to leap. Profits attract capital, and capital provides the base for the expansion of credit. One German bank has already announced a huge rights issue and the effect of that is inevitable.

No doubt intensive marketing of credit will overcome any borrower resistance that higher rates of interest might engender.

We have seen this process occur several times in Britain. One example is enough: the huge Barclays Bank rights issue in 1988 was used as a base to increase the credit supply by £41bn by the end of 1989.

If the credit explosion gets out of hand, the result is bankruptcies and recession as we in Britain well know. Excessive increases in bank capital wherever they take place bring nearer the likelihood of a 1929-style calamity.

Textbook theorists claim that it was the lowering of interest rates in May 1988 that precipitated the credit explosion. The evidence suggests otherwise. Lending for acquisitions and mergers – the main cause of the asset price inflation – was at its highest in the third quarter of 1989 when base rates were 14 per cent.

The Bundesbank will save Germany and the world a lot of grief if it sharply reduces its discount rate.

Geoffrey Gardiner,
3 Molly Potts Close,
Knutsford,
Cheshire WA16 8QT

Response to a busybody

From Mr Stephen Fein.

Sir, The Co-operative Bank is a censorious busybody ("Co-op Bank calls 'unethical' customers to account", April 24).

The correct response is to to refuse payment of cheques drawn on it.

Stephen Fein,
The Old Vicarage,
Chiswick Mall,
London W4

When aid acts as a deterrent to foreign investment

From Ms Lucy Martinez-Mont.

Sir, I read with great interest your survey "Latin American Finance and Investment" (April 6). I would like to see a similar survey on how foreign aid interacts with financial change in Latin America.

In small countries like Guatemala, the amount of hard currency dumped on the economy, through an array of foreign-aid programmes, sometimes exceeds 10 per cent of public spending. Many authors have denounced the high levels of waste and corruption associated with foreign-aid grants. However, little has been said on how foreign aid distorts the exchange rate in the recipient countries.

I contend that foreign aid creates an exchange rate equilibrium through which the value of the local currency increases *vis-à-vis* the US dollar (one dollar buys less local currency units). This reduces the incentive for private capital inflow and therefore the greater the amounts of foreign aid as a percentage of GDP, the smaller the amounts of private foreign capital that flow into the country.

It is interesting to note that the countries in Latin America which are attracting greater amounts of private capital are the ones that have received relatively small amounts of foreign-aid dollars as a percentage of their GDP. Perhaps Guatemala, El Salvador, Paraguay, the Dominican Republic and other small Latin American countries would do better in the 21st century if Africa became the sole target for the charitable sentiments of rich foreign governments.

Lucy Martinez-Mont,
Las Nubes Km 11,5,
Carretera a El Salvador,
Guatemala, CA

OBSERVER

Undercover operations

■ Poor old Boris Yeltsin. As if he hadn't enough trouble with his country falling apart, the Trotskyite Spartacist League have returned to the warpath accusing him and his regime of "stalling, smoke-screens and incompetence".

Today Spartacists worldwide will be demonstrating over the murder two months ago of one of their comrades, an American called Martha Phillips, in Moscow where she was evidently striving to forge a new Leninist-Trotskyist party.

"It used to be that if a Trotskyist died under suspicious circumstances anywhere within the long reach of J V Stalin, the question of who was responsible was not really a question," the organisers mutter darkly.

True, the Spartacists admit that the culprit's identity is no longer as certain as it would have been under Uncle Joe. "But it cannot be ruled out," they add, that her death was "a political act."

Wondering about the evidence, Observer called their London office to put a few queries, including, as a supplementary, where the league's funds come from – a line of questioning which apparently awakened the spokesperson's suspicions.

"I wasn't born yesterday," she snapped.

Spot the bank

■ Readers are challenged to identify the investment bank portrayed as follows by two members of its central management team in a learned professional journal.

According to them, it has: "...a very strong achievement culture; a strong (though declining) power culture; and relatively low support and role cultures. One of the features of an achievement culture is difficulty of control; the weak role culture is associated with a comparative lack of rules and procedures.

"At its simplest, this means that it is not an organisation where people naturally look for guidance from above. They want to get on with the job and regard anything that deflects them from immediate client-orientated bottom line activities as an unwelcome intrusion."

Possible clue: when formally setting objectives for his staff, one of its managers included "Help cover my backside."

Answer later.

Rocks on the box

■ Don't show your age by talking about "engagement" rings. They're out, sneers De Beers, because golden youth now associates them with fusty family-arranged marriages.

Today's people talk of "commitment" rings, adds the world's top diamond-producer, about to launch its biggest television advertising campaign in Europe at a cost of £8.5m.

But while making much play with the new "in" word, the ads will emphasise that, whatever the changes in terminological fashion, diamonds are for ever. And it just so happens that the first showing in the UK, on Monday, will be during a re-run of the James Bond movie with the same name.

Bid farewell

■ Ashes to ashes. Cigar-smoking Harry Turner, the characterful chief executive of Television South West, is moving on.

"For an awful moment I thought you were making a hostile bid"

Always noted for his grand gestures, he was caught out by the grandest: his bid of over £16m a year for his franchise. It was a touch too rich for the Independent Television Commission – a view endorsed by both the High Court and the House of Lords. TSW is now running down to the handover to West Country Television on January 1.

"I am a mover and a shaker and there isn't going to be much moving and shaking at TSW any more," he says.

After more than 35 years in the media, all but five of them in ITV, it is time to take a break. "I'm riding off into the sunset and will probably turn up as a belly dancer in Libya," he adds.

Although his pay-off is probably in the £200,000 bracket, TSW's greatest tribute is not trying to replace him. He is irreplaceable.

Identity

■ The bank portrayed earlier is County NatWest. The description, by personnel specialists Ian Carlton and Martyn Sloman, is taken from an article in the latest edition of Britain's Human Resource Management Journal.

Abell

■ Charming Scotsman Eddie Bell, boss of HarperCollins UK, these days part of the Rupert Murdoch empire, has been indulging in a bit of rather un-Celtic title inflation.

Formerly just a plain old chief executive, Bell has now been elevated to executive chairman and publisher for the UK – with his very own senior management board called the Chief Executive Office. (Who could manage without one?)

Bell is normally credited in the industry with a more material generosity – having pioneered the inflationary mega-buck advance payment that rival publishers must scramble to offer (their favoured few) authors in recent years.

He explained yesterday that the Chief Executive Office is there to grasp the opportunities of the 1990s. "This is the decade of service to authors ...". Quite.

Pinned down

■ It has been assumed – at least by charitable observers – that President Ibrahim Babangida has been trying to revive the Nigerian economy. Not so.

Drawing on insights from 120 minutes spent "rubbing minds" with the president, the government-owned newspaper Daily Times reported:

"Those who know believe that the decision on March 5 to regulate the exchange rate of the Naira is one of the most profound yet taken by the regime in its determined effort to wrestle Nigeria's restless economy to the ground."

FINANCIAL TIMES
Thursday April 30 1992

Bill Clinton speaks after winning the Pennsylvania presidential primary, watched by Democrat Representative Joe Kennedy

Woman steals the primary headlines

Jurek Martin identifies two main lessons from the Pennsylvania voting

THE TWO big lessons from the Pennsylvania primaries are that Bill Clinton lives and that women scorned can be a potent political force this year.

The biggest story was the triumph in the Senate Democratic primary of Ms Lynn Yeakel, who rose from obscurity in the polls at the beginning of the year to a comfortable 44-33 per cent victory over Lieutenant Governor Mark Singel, the initial favourite-son candidate.

In contrast, Mr Clinton's victory – by 57 to 26 per cent over Jerry Brown and with at least 110 of the state's 169 delegates added to his tally – was not surprising. Doubts may persist about his viability as a presidential candidate but there can be few that he will be the Democratic nominee.

This was the message he gave yesterday to Democratic congressmen and senators in Washington, many of whom are among the 772 "super delegates" attending the New York convention in July. He has secured the endorsement of nearly 300 of these. Mr Clinton, whose delegate total is now approaching 1,500, seems to accept that he may not finally nail down the 2,145 needed for the nomination until the final primaries on June 2. The best news for him was that, according to exit polls in Pennsylvania, more than 60 per cent of Democrats thought he was honest enough to be president. This was up from under 50 per cent in earlier primaries.

This partly offset the fact that the turnout in the state, as elsewhere, was very small, reflecting lack of enthusiasm for the candidate. In this respect, Mr Clinton is in the same boat as President Bush, who had the admittedly minor mortification of seeing Mr Patrick Buchanan – who hardly campaigned – win nearly a quarter of the vote. Mr Bush will be mathematically assured of the Republican nomination soon.

Ms Yeakel, a successful fundraiser for women's causes, triumphed in her first political race by looking past her primary opponents to the November election against Senator Arlen Specter, the incumbent Republican, who won easily on Tuesday.

It was Mr Specter's aggressive grilling of Professor Anita Hill in the hearings to confirm Judge Clarence Thomas to the Supreme Court last year that induced Ms Yeakel to run. Her campaign featured commercials replaying at length Mr Specter's hostile questioning, which included his brandishing a copy of the novel, The Exorcist, and asking Ms Hill whether she drew her allegations of sexual harassment from it.

As with Ms Carol Mosely Braun, who unseated the Democratic incumbent in the Illinois primary last month, Ms Yeakel tapped a deep well of discontent, among men as well as women, about the perceived indifference, exemplified by the Thomas hearings, of the Washington male establishment towards women's issues. She made much of being an outsider capable of changing that establishment.

Mr Specter is, in most things, a moderate Republican. Unlike his president, he believes, for example, in the right to abortion. Pennsylvania's law restricting that right is currently before the Supreme Court, on which Mr Thomas now sits.

The man he beat in his primary was the architect of that law, but polls in the culturally conservative state showed over 60 per cent in favour of the freedom to choose abortion.

Ms Yeakel's success, allied to that of Ms Braun, will doubtless encourage other women candidates across the country. Particular attention will now focus on California, where Dianne Feinstein, the former mayor of San Francisco, and Congresswoman Barbara Boxer are bidding for the two Senate seats being decided this year.

Elsewhere in Pennsylvania, incumbents in both parties had to fight harder to survive, but only one Democratic congressional head, that of Joe Kolter, actually rolled. Four of the state's 23 congressmen had previously announced retirement.

Bangemann hits back at critics of competition policy

By Andrew Hill in Brussels

EC INDUSTRY commissioner Mr Martin Bangemann, outlining Commission plans to make the European car and aircraft industries more competitive, yesterday attacked critics who claim he is tampering with the working of the free market.

Mr Bangemann insisted that industrial and competition policy went hand in hand but criticised competition "ayatollahs" who assumed that more competitors always meant more competition.

"Sometimes that is nonsense. You could have very vivid competition between three competitors and no competition at all between a hundred," he told journalists.

Several of Mr Bangemann's colleagues, including Sir Leon Brittan, the competition commissioner, and the social and regional funding commissioners, had sought changes to the Commission's paper on the car industry. In the event the amendments have been minor.

Mr Bangemann defended his proposals for more on-the-job training of car workers to reduce the risk of redundancies. Some of his colleagues are worried such a move would drain existing EC funds – targeted on long-term unemployment and training of young people – into the coffers of private car manufacturers.

"Could you please explain why it is that we have to sit around and wait . . . until a person is [defined as] long-term unemployed and only then are we able to act?" he asked. "I think it's completely nonsensical to do that."

Mr Bangemann refused to comment on Sir Leon's parallel paper on EC car prices, publication of which has been postponed, but indicated they had resolved some of their differences over a "friendly lunch" on Tuesday.

Sir Leon's car price study originally appeared to contradict the Bangemann paper, especially on the sensitive question of what to do about exclusive car dealerships in the EC. Sir Leon mainly blames the system, which is exempt from competition rules until 1995, for the price differences on new cars across Europe. He wants dealers to prove the system is efficient.

The car industry paper produced yesterday now takes a neutral line on whether the system – which is exempt from competition rules – should be maintained until the end of the century, while the EC market is opened to Japanese car imports. Following minor amendments, the paper says that "provided it works satisfactorily and efficiently [the system] would help in the management of the transitional period".

Shake-up urged, Page 2

US hits India's trade status in patent dispute

By Nancy Dunne in Washington

PRESIDENT Bush yesterday slashed $60m worth of Indian products from the US duty-free preference scheme for poor countries in retaliation for India's continued refusal to provide patent protection for foreign pharmaceutical and chemical products.

The sanctions, imposed after years of US complaints, are directed towards Indian exports of pharmaceuticals, chemicals and related products. Mrs Carla Hills, the US Trade Representative, said the action is "meant to be a rifle shot absolutely focused on the entities that are benefiting from the theft of our patents".

In the Uruguay Round and in bilateral negotiations with the US, India has resisted US demands, arguing that, as a developing country, it is entitled to different "rules of the game" in trade.

However, under US pressure it last February agreed to expand market access for foreign films and provide more protection for foreign trademarks.

"Because India is negotiating in one area it doesn't mean we are satisfied with how the pharmaceutical issue is being treated," Mrs Hills said. "We suffer the loss in this country of roughly $60bn in the theft of our intellectual property . . . We are as keenly interested in protecting intangible property as we are in protecting tangible property."

In a related action, Mrs Hills announced that under the annual "Special 301" review, Taiwan has been added to a special list – along with India and Thailand – of countries considered the worst offenders in failing to provide intellectual property rights protection. They could be subject to retaliation this year.

Although Taiwan has proposed improvements in its intellectual property laws, it has made "little progress" in enacting or implementing them, Mrs Hills said.

Thailand was listed because of failure to enforce copyright protection and deficiencies in its patent protection. "Thailand is energetically trying to correct its problems," Mrs Hills said.

Mrs Hills named nine trading partners, including the EC, to a "priority watch list" for its inadequate intellectual property protection. The EC was named for its Broadcast Direction, which requires states to ensure "where practicable" a majority of broadcast time for European programmes.

Indonesia was bumped down to a lower "watch list" when, after last minute negotiations, it agreed to increased market access for video and movie producers.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	F	11	52	Frankfurt	F	12	54	Majorca	C	17	63	Oporto	S	17	63	Tenerife		–	–
				Brussels	F	11	52	Geneva	C	9	48	Malaga	C	20	68	Oslo	C	11	52	Tokyo	S	23	73
				Budapest	F	21	70	Gibraltar	C	19	66	Malta	S	25	77	Paris	F	11	52	Toronto †	S	6	43
Ajaccio	F	17	63	Buenos Aires	C	22	71	Glasgow	F	9	48	Manila	F	36	97	Prague	C	10	50	Tunis	F	21	70
Algiers	C	16	61	Cairo	S	25	77	Helsinki	S	10	50	Melbourne	C	16	61	Reykjavik	F	5	41	Valencia	S	21	70
Amsterdam	F	11	52	Cape Town	C	19	66	Hong Kong	F	28	82	Mexico City	F	21	70	Rhodes	S	20	68	Venice	C	17	63
Athens	S	23	73	Caracas	C	28	82	Innsbruck	R	3	37	Miami †	S	13	55	Rio de Janeiro	C	28	82	Vienna	R	11	52
Bahrain	S	27	81	Casablanca †	S	21	70	Inverness	F	9	48	Milan	S	17	63	Rome	R	18	64	Warsaw	F	14	57
Bangkok	F	36	97	Chicago †	F	9	48	Islamabad	C	31	88	Montreal †	S	7	45	Salzburg	R	8	46	Washington †	S	9	48
Barcelona	S	17	63	Cologne	F	9	48	Istanbul	S	20	68	Moscow	S	15	59	S'Francisco †	S	13	55	Zurich	R	8	46
Beijing	C	18	64	Copenhagen	C	9	48	Jakarta	R	32	90	Munich	C	8	46	Seoul	C	21	70				
Beirut	S	20	68	Corfu	S	22	72	Johannesburg	S	19	66	Nairobi	C	25	77	Singapore	R	26	79				
Belfast	R	7	45	Dallas †	S	15	59	Lisbon	S	20	68	Naples	F	23	73	Stockholm	C	8	46				
Belgrade	S	28	82	Dublin	R	8	46	London	C	12	54	Nassau	C	27	80	Strasbourg	F	13	55				
Berlin	R	12	54	Dubrovnik		–	–	Los Angeles †	C	17	63	New Delhi		–	–	Sydney	S	18	64				
Biarritz	F	12	54	Edinburgh	F	10	50	Luxembourg	C	11	52	New York †	S	9	48	Taipei	F	31	88				
Bombay	S	31	88	Faro	S	21	70	Madeira	S	18	64	Nice	F	18	64	Tangier	S	21	70				
Bordeaux	F	12	54	Florence	F	16	61	Madrid	S	17	63	Nicosia	S	23	73	Tel Aviv	S	23	73				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

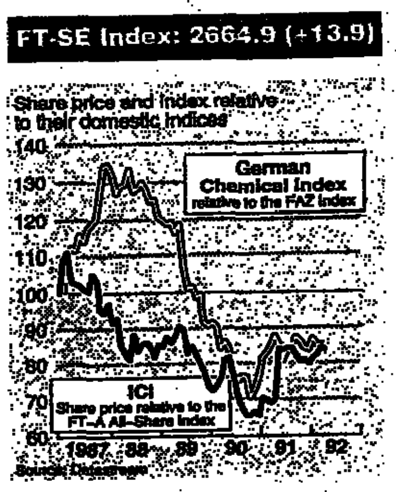
THE LEX COLUMN

A statement of intent

The latest salvo from the Accounting Standards Board is not quite as radical as usual, in that the changes proposed are not strictly compulsory. But it will do to be getting on with. The new operating review which UK companies are to include in their annual reports should discuss such novel matters as cash flow by operating segment and the effect on earnings of inflation. The financial review should cover peak borrowing requirements and confirmation that the company can cover them without breaching covenants: or if not, it should give details of the covenants. It should also specify any restrictions on moving cash from one part of the group to another, which in the case of a company like Lonrho might make interesting reading.

The snag is the lack of an enforcing mechanism. Since the proposed statement does not form part of the accounts, it does not strictly fall within the remit of the auditors. Without that sanction, the risk is that those very companies whose statements would be most revealing will fail to produce them. One answer would be for the Stock Exchange to make statements compulsory: but the Exchange has not been notably valiant in such causes in the past. With luck, there would be pressure from the market, which would take note of the absence of a statement and price the risk accordingly. But in one or two companies one can think of, lack of information has been in the price for years without any noticeable effect on management thinking.

FT-SE Index: 2664.9 (+13.9)



CS Holding

CS Holding is obviously more optimistic about the prospects for Swiss banks than the Zurich stock market. Its decision to defer flotation of 20 per cent of Credit Suisse reflects not just the fact that the move is no longer necessary to satisfy the country's strict capital requirements. Having recently brought Mexican banks to the market at 3.5 times net asset value, it is also reluctant to part with its own assets at less than book.

In fact, the outlook for the larger Swiss banks is not as bad as is suggested by a weak domestic economy, high interest rates and a depressed property market. The worst knocks have been taken by regional banks. Because the domestic rules require capital backing which is high by international standards, the larger banks have capacity to pick up high margin international business as Japanese banks withdraw.

Perhaps yesterday's slight drop in CS Holding's share price was a mark of investor disappointment that it is not going to return Credit Suisse to them on the cheap. Some may also be disappointed that part of the dividend is again to be paid in equity warrants as a means of stocking up further capital. They might take some consolation, however, from the speed with which CS First Boston has bounced back from its 1990 losses, as well as from strong performance from the derivatives business. That said, it would be dangerous to be beguiled by a 12.4 per cent return on shareholders' equity. It looks high compared with the likes of UBS and Swiss Bank Corporation. But compared to them, CS Holding's equity base is still relatively low.

Rosehaugh

Serious investors have long since abandoned Rosehaugh to the banks. But yesterday's comment from the company that prospects for new letting in the London office market have deteriorated in recent months may still send a chill down the odd spine. Property shares, after all, have outperformed the FT-A All-Share by 7 per cent over the last two weeks in the grim hope that the worst may finally be over.

A touch of realism is certainly overdue from Rosehaugh, but given its new masters it has no reason to overstate the problems. The fact that the company managed a £28m loss before exceptional items in the last six months of 1992 is a vivid enough illustration of the dismal level of activity. Shareholders, though, may be more concerned that just 2 per cent was knocked off staff and administrative costs over the period. To be fair to Rosehaugh, the company differs from most of its peers in running a large number of small projects, while its annualised staff and admin total is now running at a little over £10m, against £17.7m for the full year to 1991. If nothing else, it all goes to show that operational gearing is not a concept easily applied to the property sector.

Chemicals

If the first quarter figures from the big three German chemical companies are a guide, investors should not expect too much from ICI's results today. None of the three holds out much hope of an upturn in trading. All suffered a bigger percentage fall in profits this quarter than last year as a whole.

With luck, ICI should do a little better. Its restructuring started earlier and is perhaps more determined. The German companies also suffer by comparison with a first quarter last year in which the domestic economy was still enjoying the stimulus of unification. All the same, the message from Continental producers is uniform and slightly depressing. Germany is down, the US recovery is patchy and the Far East is getting worse. Bulk chemicals are still taking a hammering. If, as the market expects, ICI's quarterly profits are broadly unchanged, it will have its non-cyclical pharmaceuticals business to thank.

Bank of Scotland

Bank of Scotland's results may pass unremarked by a market obsessed by developments at Midland. Its cost performance bears scrutiny all the same. Though high by the standards of other clearers, a 13 per cent increase in costs seems more reasonable when set against a 12 per cent increase in assets, not to mention a 26 per cent increase in other operating income. The cost/income ratio fell slightly to 54 per cent and would have been just 48 per cent without the loss of £108m in interest on non-performing loans.

How does Bank of Scotland manage to stay in a different league? Given the debate over rationalisation in banking, the answer is instructive. It relies heavily on electronic delivery of services and has eschewed the temptation to develop an extensive branch network south of the border where its loan book has been growing strongest.

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday April 30 1992

INSIDE

Delta cuts $5bn in capital expenditure

Delta Air Lines, the US airline, yesterday announced plans to cut more than $5bn from its capital expenditure plans over the next nine years, by reducing new aircraft deliveries. The spending reduction was described as part of an attempt to "implement changes in its fundamental cost structure". Page 20

J Bibby bid disallowed

A $133m (£75m) bid by J Bibby & Sons, which 79 per cent owned by the South African Barlow Rand group, for control of Spain's monopoly Caterpillar distributor, Finanzauto, was yesterday disallowed by the Spanish stock market commission and will have to be resubmitted in mid-May. Page 25

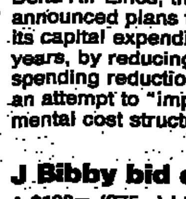
GM steps on the gas

A large foot appears to have hit the accelerator marked "reform" at General Motors, the troubled US carmaker. It has announced plans for a $2.3bn international share offering; a reorganisation of the management structure in its loss-making North American vehicle operations; and the group's first quarterly profit after 18 months of red ink. Page 20

Vauxhall profits fall 45%

Pre-tax profits of Vauxhall, the UK subsidiary of General Motors of the US, fell by about 45 per cent last year under the impact of the deep recession in the UK new car market. Page 27

Heracles milestone



Greece's two-year-old privatisation programme passes a milestone this week when the new owners of Heracles Cement arrive. Heracles, Europe's largest cement exporter, was sold last month to Calcestruzzi, the construction arm of Italy's Ferruzzi group, in a joint venture with the state-owned National Bank of Greece. Page 24

Challenge of Afghan agriculture

One of the most difficult challenges facing any new Afghan government is restoration of the agricultural sector after the protracted civil war. The United Nations has estimated that war-related damage has cut the amount of land under irrigation by 300,000 hectares to under 1m ha. Page 28

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Bayer	294.5	+	6.2
Colonia Knzn Pf	585	+	7
Falls			
Aska	817	−	18
Continental AG	271.3	−	4.2
Heideib Zem	905	−	18
Wella Prf	620	−	13
NEW YORK ($)			
Rises			
Chrysler	$19\frac{5}{8}$	+	$\frac{5}{8}$
Delta Air Lines	$59\frac{3}{8}$	+	$\frac{3}{8}$
Ford Motor	$45\frac{3}{4}$	+	2
General Motors	$42\frac{3}{8}$	+	$2\frac{1}{8}$
Falls			
AMR	$66\frac{1}{2}$	−	$\frac{5}{8}$
Cooper Inds	$50\frac{1}{4}$	−	$1\frac{5}{8}$
PARIS (FFr)			
Rises			
Axa	1017	+	43
Dollfus Mieg Cie	319	+	12
Euro Disney	138.8	+	3.8
Sagem	1915	+	67
Thomson C S F	166	+	9.5
Falls			
Industrielle	6950	−	260
LONDON (Pence)			
Rises			
Airtours	334	+	16
Avon Rubber	395	+	18
Ayshire Metal	80	+	22
Canning (W)	158	+	18
Clinton Cards	95	+	10
Cupid	88	+	11
Doeflex	112	+	16
Eurotunnel Uts	371	+	21
Fisons	384	+	18
Goal Pet	$66\frac{1}{2}$	+	$5\frac{1}{2}$
Greycoat	61	+	7
Haggas (J)	118	+	9
Higgs & Hill	98	+	14
Isotron	265	+	21
Kingston Oil	86	+	6
Lonrho	98	+	7
Menzies (J)	372	+	16
P & P	43	+	$4\frac{1}{2}$
RTZ	635	+	23
Wiggins	13	+	3
Falls			
Dart	71	−	6
Tarmac	147	−	4
WPP	55	−	3

US helps Ford move out of the red

By Martin Dickson in New York

FORD MOTOR yesterday underscored the gradual recovery in the US car market when it reported its first profit since the third quarter of 1990.

General Motors, America's biggest vehicle manufacturer, reported its first profit after six quarters of red ink on Tuesday.

Both companies were hit last year by a slump in demand during the US recession, which led to heavy price discounting. They are now being helped by a modest pick-up in orders and sweeping cost-cutting programmes.

Ford surprised analysts by reporting a net profit of $84m from its European operations, compared with a loss of $129m in the same period of last year.

The company said group earnings for the quarter totalled $338m, or 60 cents a share, on sales of $24.6bn, compared with a net loss of $884m, or $1.88 a share, on sales of $21.3bn a year ago.

Mr Harold Poling, chairman, warned that a continuation of the turnround depends on a sustained recovery in the US and other key markets. "Although industry sales in the US remained weak in the first quarter, there are signs of an improving trend," he added.

Ford's US vehicle operations earned $57m, compared with a loss of $947m a year ago, but they were put into the black by a $61m gain from the sale of a computer business. Overseas, the group earned $28m, against a loss of $208m. The financial services group contributed $253m, down $18m, which the company attributed to one-off gains a year ago.

Ford officials said reasons for the US improvement included a sharp reduction in heavily discounted sales to fleet buyers, which dropped from 37 per cent of vehicle sales to 29 per cent.

In spite of this, the company's share of the US car market rose one point from the full-year 1991 level, to 21.1 per cent, thanks to strong sales of its restyled Taurus and Sable mid-sized cars and its Explorer four-wheel drive vehicle. The average discount to buyers fell to $1,000 a vehicle from $1,150 in the fourth quarter.

In spite of the improvement in Britain, Ford's Jaguar luxury car business lost "a little" less than $100m, according to a company official, compared with a loss of "a little more" than $100m a year ago.

GM tunes up, Page 20,
European recovery, Page 20

Hershey buys into Norway's chocolate

By Karen Fossli in Oslo

HERSHEY Foods Corporation, one of America's biggest chocolate producers, is to acquire an 18.6 per cent stake in Freia Marabou, the leading Scandinavia confectionery group, for NKr1.16bn ($179.4m). The holding is being bought from Orkla, the diversified Norwegian group.

The deal represents an expansion of the US group's European operations which comprise a chocolate manufacturing operation in Germany.

Orkla was forced to dispose of the interest by an ownership regulation authority in Norway following the merger last year with Nora Industrier.

Orkla, in last year's annual report, valued the Freia Marabou shareholding at NKr685m. Orkla's A-share price yesterday closed NKr4 up at NKr181 on the news while Freia Marabou's B-share price rose NKr12.50 to NKr290.

Hershey has co-operated with Freia Marabou for more than a decade: it previously held a 17 per cent shareholding in Marabou, and occupied a seat on its board, before Marabou merged with Freia two years ago.

In 1990 Hershey sold the Marabou stake to Orkla for $78m. Hershey said the Freia Marabou acquisition would cost approximately $180m and that the transaction was expected to be completed in May.

"The purchase of these shares will represent both a financial and strategic investment for Hershey Foods. While we are confident that the purchase of this interest will in itself be a good investment, we are hopeful that we can build on it over time," said Mr Richard Zimmerman, Hershey chairman.

Mr Sten Hansson, a Freia Marabou executive, said his company welcomed Hershey as a major shareholder. However, he said Freia was unsure of Hershey's full intentions and hoped to meet its executives in the near future.

Last year Freia Marabou boosted profit, before extraordinary items, by 16 per cent to NKr512m. Orkla halved profits last year to NKr601m.

Hershey lifted 1991 net income to $219.52m from $215.88m and said 1991 activities represented a significant step towards its goal of increasing worldwide confectionery market share by establishing a presence in Europe.

Nestlé sees profits up 9% and plans to split stock

By Ian Rodger in Zurich

NESTLE, the world's largest food group, expects net profits to grow between 9 per cent to 10 per cent this year from last year's SFr2.47bn ($1.6bn), Mr Helmut Maucher, chairman, said.

Nestlé also said it planned to split its registered shares 10 for one later this year and convert its participation certificates into registered shares next year.

Following its recent takeover of Source Perrier, the group intends to establish a headquarters in France for its global mineral water business, with Mr Serge Milhaud, a long-serving group executive and a French national, in charge.

Mr Reto Domeniconi, finance director, said Nestlé and its bidding ally, Banque Indosuez, had more than 80 per cent of the capital of Perrier. Their offer closed last Thursday. He said the net cost to Nestlé, once the Volvic mineral water and Caves de Roquefort cheese businesses had been sold, would be more than SFr2bn.

No new capital was needed. The group's net debt at the end of last year was SFr4.5bn, or 26.9 per cent of shareholders' equity, he explained. Also, profits from the Perrier business were expected to cover interest costs from the July 1 takeover.

The addition of Perrier's mineral water assets to Nestlé's existing brands would make the group the largest mineral water supplier in the world with annual sales of 1bn litres worth SFr3bn, about 6 per cent of group sales.

Mr Domeniconi said the group's handling of the takeover would not be affected by the outcome of the investigation by the European Commission's cartel office and due to be completed late in July.

Nestlé's greatest market concentration would be in France where it would have 41 per cent share by volume, excluding Volvic, followed by BSN with 34.6 per cent, including Volvic.

The Swiss group's view was that the market should be examined Europe-wide and include other soft drinks.

Mr Domeniconi said Nestlé had learned that Perrier had a combined share of 10 per cent to 15 per cent of the Italian mineral water market. He did not think this was sufficient to cause further problems with Brussels.

Nestlé has joined many Swiss groups taking advantage of a new law allowing them to split their shares. Nestlé registered shares trade at about SFr9,600 each, so the split would make them more affordable for small investors. The split will be proposed at an EGM on August 18.

Norma Cohen and **Maggie Urry** look behind an unusual flexing of shareholder muscle at a small company's annual meeting

UK investors demand fair shares for all

Shareholders in Worcester Group will meet today and display an unusual flexing of institutional muscle. They will decide whether to challenge the sale of the UK company to Robert Bosch, the privately held German conglomerate.

The case raises critical questions about UK corporate governance and the extent to which boards of directors must treat all shareholders equally, even to the detriment of their own interests.

The Association of British Insurers, the powerful trade body representing some of the aggrieved shareholders, has also expressed concern about the issue.

Investors holding at least 25 per cent of Worcester's shares are expected today to vote to ask the Takeover Panel to review a decision which allowed Bosch to offer different terms to management and outside shareholders.

Worcester's management and its families control 38 per cent of the company, giving them an unusually high degree of influence over the company's fate.

This has allowed them, say some shareholders, to obtain terms which breach the first principle of the Takeover Code, that all shareholders be treated similarly by a bidder.

The dissident shareholders are unhappy with two aspects of the deal.

- First, they feel the cash price of 225p is too low, with 300p a more realistic price.
- Second, they object to the separate deal being offered to management, who will have a 32 per cent stake in the merged business, and receive dividends on their shares. There is a formula to buy them out in 1996 at a price between 100p and 393½p depending on the earnings achieved by Worcester up to then.

"Preserving the interests of non-management shareholders is a very critical issue," said one member of the Takeover Panel.

Even if Worcester shareholders fail to press their case, therefore, the Takeover Panel is likely to take the matter up at one of its quarterly meetings, the member added.

With cross-border mergers on the rise, the issue is unlikely to die with the culmination of the Worcester deal.

Continental takeovers are usually agreed deals with management; complaints by shareholders are rare.

These companies have yet to come to terms with the emerging assertiveness of UK institutional investors.

In this case, Bosch insisted on obtaining irrevocable commitments from shareholders totalling more than 50 per cent of the company before its bid became public.

None of the dissenting shareholders argue against the deal in terms of industrial logic.

The merger of Bosch's Junkers boiler business with Worcester, the UK's largest manufacturer of combination boilers, would give a leading position in two main European markets and a platform from which to dominate the rest of Europe.

But industrial logic matters little to outside shareholders since they are being offered cash, not a continuing interest in the merged business.

Mr Cecil Duckworth, chairman and chief executive of Worcester, remains convinced that the deal with Bosch offers the best future for the company and its employees.

He acknowledges there is a conflict of interest between "getting it right industrially and looking after outside shareholders".

Originally, he had hoped to negotiate a deal with Bosch under which the German group would take a 20 or 25 per cent stake initially. But he realised that it would be "a bit much to ask Bosch to pay up" to buy the rest of the group after the benefits of the alliance began to flow through.

The only way forward was a full bid, he says.

He says the 225p offer looked a good premium over the shares' 168p price at the time terms were struck. But the post-election stock market surge reduced that premium.

Mr Duckworth points out that at least three large institutional shareholders considered the price attractive, so Bosch was able to tie up 51 per cent of the votes.

He thinks that shareholders are only raising the issue of similar treatement in order to induce Bosch to pay them more for their shares.

The price is considered "fair and reasonable" by Mr Michael Davies, Worcester's only independent director.

Mr Davies says he was involved in the negotiations of the 225p price, which he agrees is "at the bottom end of the bracket" of valuations. But he says it is a fair and reasonable price, and his view is backed by Smith New Court, Worcester's financial adviser. Mr Davies also believes that the management deal is fair compared with the cash offer.

Dissenting shareholders acknowledge that they are fighting an uphill battle. Should the Takeover Panel reject their arguments, they could collectively decline to tender their shares. If holders of more than 25 per cent of the shares stick together, they could keep the Stock Exchange quotation for the shares and block any effort by Bosch to restructure its new subsidiary. Eventually Bosch might have to buy them out at a higher price.

One recent precedent is discouraging for the dissident shareholders, however. When DRG, the packaging group, was acquired through a £697m ($1.2bn) leveraged bid by Pembridge Investments, unhappy shareholders met to discuss action but their resistance fell apart when they failed to agree.

Thus, the message for shareholders is that effective activism stems from collective efforts – a lesson UK institutions are still trying to learn.

Worcester Group

Cecil Duckworth
chairman and chief executive

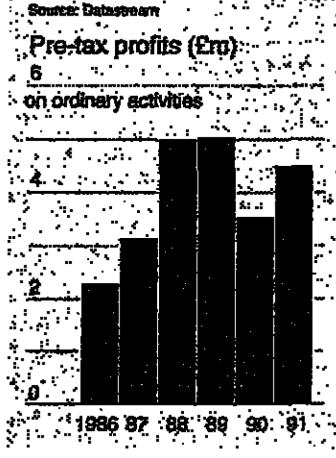
Directors' interests

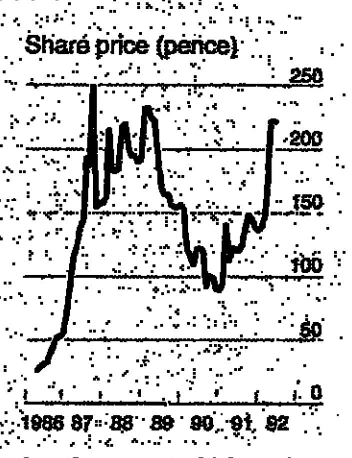
31 DEC 1991	ORDINARY SHARES	ORDINARY SHARE OPTIONS
Cecil Duckworth	9,000,000	–
Nigel Collis	1,256,000	206,838
Clive Woods	7,560	200,000
Peter Walker	450,000	–

Biggest shareholders

Gartmore Investment Management	5.8%
Scottish Amicable Investment Managers	4.1%
Standard Life	3.9%
TSB Group	3.6%
Scottish Mutual Assurance	3.2%

Source: Datastream





Midland softens support for Hongkong Bank takeover

By Robert Peston in London

MIDLAND Bank of the UK yesterday softened its support for Hongkong and Shanghai Bank's takeover bid in the wake of the £3.3bn ($5.84bn) offer proposal from Lloyds.

As the battle between Hongkong Bank and Lloyds for control of Midland gained momentum, it emerged that National Australia Bank (NAB), the big Australian bank which owns the Yorkshire and Clydesdale banks, has told Lloyds it may buy several hundred Lloyds' and Midland's branches, if Lloyds succeeds in buying Midland.

Lloyds yesterday took encouragement from the first official announcement from Midland since Lloyds made its offer proposal. Midland's board said it "intends ... to recommend Hongkong Bank's offer, provided this would not conflict with the ability of Midland shareholders to consider a firm offer from Lloyds which secured demonstrably greater value for their shares".

Under the terms of the takeover code, this does not constitute a firm recommendation in favour of Hongkong Bank's bid. A Midland director said: "The recommendation is slightly on the shelf."

The Midland statement was approved by the board after a two-hour meeting with the bank's advisers on Tuesday evening. Midland's directors felt they could not dismiss the Lloyds offer completely because it was proposing to offer more than Hongkong Bank.

Lloyds is considering the NAB approach but is unlikely to enter into detailed negotiations for several weeks. Lloyds has been considering whether its proposal to acquire Midland would avoid being referred for lengthy scrutiny by the Monopolies and Mergers Commission, the UK competition authority, if it were to agree to sell branches.

NAB is firmly committed to buying more branches in England to add to its network of more than 700 in the north and Scotland.

In a separate development, it emerged that there is considerable legal uncertainty about the meaning of a key article in the EC Merger Regulation, which will determine whether the Hongkong Bank bid falls under the jurisdiction of the UK competition authorities or the EC authority. The article refers to the location of bank assets.

More details, Page 24

Volvo optimistic on Renault alliance

By Sara Webb in Stockholm

VOLVO, the Swedish car and truck group, said it would save SKr4bn ($670m) a year – equivalent to 5 per cent of group sales – by the end of the decade as a result of its alliance with Renault, the French vehicle group.

Mr Christer Zetterberg, chief executive, said the alliance with Renault would provide savings of SKr400m this year for Volvo.

Separately, Mr Zetterberg said that in spite of the weak start to the year, 1992 would be "clearly better than the preceding year," although no precise forecasts were given by the group.

Speaking at a press conference before Volvo's annual general meeting yesterday, Mr Zetterberg said that when the group entered into its alliance with Renault in 1989, "we estimated that the savings – integration gains – would amount to SKr800m annually within two to five years, increasing thereafter to SKr2bn a year. Today, our calculations indicate a savings potential of SKr4bn annually toward the end of the 1990s".

Mr Zetterberg said Volvo's alliance with Renault was "developing very well ... in fact, significantly better than we dared hope in the beginning". About 75 per cent of the savings related to product development and the supply of components, he added.

Mr Pehr Gyllenhammar, chairman, stressed the strategic motivations behind the group's alliance with Renault. He said that the link provided economies of scale, highly complementary product programmes, and a presence in the European Community. It also provided gains through industrial co-operation in product development, procurement and manufacturing, he added.

However, on a less optimistic note, Volvo said 1992 had seen a rather weak start.

In the truck sector, Volvo experienced a decrease in market share in Europe, and its truck division suffered from "substantial costs" related partly to the development of new products.

Volvo said that car sales had declined in 17 of its most important markets in March, although the group managed to increase its market share in Sweden.

Mr Zetterberg, who is responsible for introducing a cost-cutting programme which included slashing 11,000 jobs, said the full effect of the rationalisation would not be felt until 1993.

He is leaving the group this autumn following a surprise management shake-up last month. Mr Sören Gyll replaces Mr Zetterberg as chief executive officer.

Matra slashes dividend after sharp decline

By Alice Rawsthorn in Paris

MATRA, the French electronics and defence group, has cut its dividend from FFr8 in 1990 to FFr5.5 for 1991 after a sharp fall in profits.

Net profits fell to FFr252m ($45.16m) in 1991 from FFr606m in 1990 after a decline in operating profits to FFr965bn from FFr1.3bn. Turnover rose 6 per cent to FFr22.7bn.

Matra, which is chaired by Mr Jean-Luc Lagardère, attributed the fall in profits to tough trading conditions, and to its 17 per cent increase in research and development costs, to FFr3.2bn, during 1991. However it said it expected 1992 to be a better year.

The decline in profits comes at a sensitive time for Matra, which is orchestrating a merger with Hachette, the heavily-indebted publishing group also run by Mr Lagardère. Hachette recently announced it was trying to recapitalise after making hefty provisions on its losses in La Cinq, the French TV station which folded earlier this year.

● The French government has given the go-ahead to the long standing plan for Banque Nationale de Paris (BNP), one of France's largest state-controlled banks, to swap up to 10 per cent of its equity with Dresdner Bank of Germany.

BNP has been in talks with Dresdner for some time. Mr Michel Sapin, who became finance minister when Mr Pierre Bérégovoy took over as prime minister, announced the decision in the French parliament yesterday.

Last year, the government, which owns nearly 73 per cent of BNP, paved the way for such a deal by permitting state-controlled companies to sell part of their equity to private-sector concerns. This is in keeping with the trend for France's public-sector banks to loosen links with the state.

The deal with Dresdner, which still needs the approval of its shareholders and the European authorities, also comes at a time when the French financial sector is trying to strengthen its presence in the German market. Crédit Lyonnais, another big state-controlled bank, is considering an investment in BfG, the German bank.

Daimler to raise payout for first time in six years

By Andrew Fisher in Frankfurt

DAIMLER-BENZ, the German motor, aerospace and electronics group, will raise its dividend for the first time in six years after an 8 per cent rise in net profits in 1991, to DM1.9bn ($1.15bn).

Analysts said the decision to increase the payment by DM1 to DM13 a share at a time of threatened industrial unrest over pay claims reflected the group's desire to made a favourable impact on the stock market ahead of a DM2bn rights issue later this year. Daimler indicated last year that profits would justify a higher dividend.

The rise in profits came despite costs of more than DM500m at its AEG electronics subsidiary for the closure of its loss-making Wilhelmshaven office equipment plant. However, sales of the new S-class executive car, priced higher than its predecessor, have been favourable, and the truck market has been buoyant after German unification.

At the same time, concern over high German costs, especially for labour, has prompted the group's Mercedes-Benz vehicle subsidiary to announce job cuts of some 20,000 in the next few years, although it wants to avoid redundancies.

Akzo cautious in spite of 5% first-quarter advance

By Ronald van de Krol in Amsterdam

AKZO, the Dutch chemicals company, saw a 5 per cent rise in net profit in the 1992 first quarter. All four of its core businesses reported higher results after a difficult year in 1991.

Net profit increased to Fl 205.8m ($111.2m) from Fl 192.2m in the weak first quarter of 1991. Operating profit showed an even bigger rise, climbing 17.5 per cent to Fl 348.6m. Sales were up 5 per cent at Fl 4.43bn.

The company's shares responded strongly to the recovery, rising more than 3 per cent to close up Fl 4.90 at Fl 161.00 on the Amsterdam bourse. Akzo, the first big Dutch company to release 1992 figures, posted a 13 per cent decline in net profit in 1991.

In spite of the first-quarter improvement, Akzo said it was unable to make a forecast for the full year because of continuing economic uncertainty in Europe and the US.

As in 1991, Akzo's health care product group made the single biggest contribution to operating profit, accounting for slightly more than one third of the total. Unlike the previous year, however, the other product groups also recorded higher operating results.

SKF still in the red but sees profit for full year

By Sara Webb

SKF of Sweden, the world's leading roller bearing manufacturer, reported a first-quarter loss (after financial items) of SKr34m ($1.7m), following a final quarter loss of SKr306m in 1991 and a first-quarter profit last year of SKr59m.

The group forecast a full-year profit for 1992 and said it does not expect to see a further deterioration in business conditions, although it warned that an upturn was not expected until the first half of 1993.

SKF made a loss of SKr221m (after financial items) for 1991 as the world recession hurt demand for its products.

Group sales in the latest quarter were SKr7.16bn, up 14.8 per cent on the previous quarter and 3.4 per cent up on the 1991 first quarter.

SKF's bearings division reported a first-quarter profit (after financial items) of SKr90m, against SKr79m in the same period last year and a loss of SKr260m in the final quarter of 1991.

EC clears Accor bid for Wagons-Lits

By Andrew Hill in Brussels

THE EUROPEAN Commission has cleared Accor's bid for Wagons-Lits, the Franco-Belgian travel company, but on the condition that the French hotels group sells Wagons-Lits' chain of motorway cafes in France.

Sir Leon Brittan, EC competition commissioner, has set a legally-binding deadline for the sale of the Wagons-Lits division. Officials would not indicate the final date, on the grounds that it might be used by potential buyers to extract a better price out of Accor.

Brussels' merger task force concluded there were no objections to the merger in the hotels and general catering sector, but that the groups would have over half the French motorway cafe market.

Crédit Suisse float deferred as 1991 profits surprise

By Peter Montagnon in London

CS HOLDING has deferred the flotation of part of Crédit Suisse, Switzerland's third largest bank, because better-than-expected profits in 1991 will enable it to meet the country's stringent bank capital requirements.

The group's net profit rose to SFr980m ($649m) in 1991 from SFr149m the previous year, giving consolidated earnings per bearer share of SFr225.10 against SFr34.70.

The result would allow the group enough retained profit to meet Swiss capital requirements, Mr Rainer Gut, chairman, said in London. This was in spite of a ruling 18 months ago by Switzerland's Supreme Court that the requirements should apply to CS First Boston, its investment bank, on the same basis as if it were a commercial bank.

CS Holding had planned to respond by selling part of Crédit Suisse on the stock exchange, but Mr Gut said it was in no hurry to do so when Swiss bank stocks were selling at below net asset value. "We have to make sure we are not diluting our earnings," he said.

In the longer run, it might be interested in a sale to generate capital for expansion into other markets, but the matter would not be considered again before the start of next year.

Meanwhile, group capital will be strengthened by about SFr300m by paying part of this year's dividend in share warrants. Each SFr120 dividend will include a warrant worth the equivalent of SFr45, compared with SFr110 and SFr35 respectively last year.

CS Holding will also seek shareholder approval to issue SFr250m in contingent capital which could be used to back equity-linked debt issues. Mr Gut said this would create scope to raise about SFr1bn in new equity, although it would not need to do so to meet the capital requirements.

The sharp rise in profits reflected both an already announced 57 per cent increase in net earnings at Crédit Suisse and a swing from loss of $475m to net income of $216m at CS First Boston.

Mr Jack Hennessy, CSFB president, said bridging loans of about $1bn to US companies, which gave rise to the 1990 losses, had now been refinanced through equity and note issues with a market value of some $500m. They were in the books at $375m.

Last year was the turn of Crédit Suisse to record large loan loss provisions amounting to SFr1.1bn. Mr Robert Jeker, president, said the bank was budgeting for a similar amount in 1992. It expected a further increase in profits this year, despite the weak Swiss economy.

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Bank of Scotland improves to £140.7m

By James Buxton, Scottish Correspondent

BANK of Scotland yesterday reported annual pre-tax profits 5 per cent ahead to £140.7m ($249.03) from £134.1m and said it was continuing to increase its share of the UK banking market.

Operating profit rose 16 per cent to £393.3m from £339.4m – reflecting success in increasing core business – but this was cut by a rise from £202.3m to £256.8m in provisions for bad and doubtful debts.

The result for the year to February 29 matched market expectations, but the shares eased 1p to 117p. An analyst said the bank was "doing better than other clearers but not better than expected".

The withdrawal of some capacity from the banking market, which reduced excess competition, meant improved margins on new lending and leasing, and higher fees and commissions.

Earnings per share dipped to 6.4p from 7.56p. The final dividend is 2.65p for a total 7.1 per cent ahead at 4.35p.

Operating profit was £247.9m, up 10 per cent. Pre-tax profit was £99.2m, a 16 per cent rise.

Lending to customers rose 10 per cent to £12.3bn. About half the bank's UK lending stemmed from England and Wales.

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Rosehaugh reports £32m pre-tax loss

By Vanessa Houlder, Property Correspondent

ROSEHAUGH, the ailing property developer, yesterday announced an interim pre-tax loss of £31.93m ($54.28m) and warned trading conditions would remain difficult throughout the year.

"The prospects for new lettings in the London office market have deteriorated in recent months and the commercial property market as a whole has continued to trade only a low level," it said.

The loss, for the six months to end-1991, compared with a pre-tax loss of £49.66m the previous period. It reflected a deterioration in the company's trading position, tempered by fewer provisions against falling property values.

The company made a loss before tax and exceptional items of £27.8m, against a profit of £3.44m a year earlier. Its turnover fell from £89.37m to £23.13m and its interest charge increased from £10.32m to £16.19m. The provisions, which related to the write-down of stocks in subsidiaries and investments in associates, totalled £4.1m, against £53.1m a year earlier.

Rosehaugh said talks were taking place with potential tenants at the office complex at Ludgate that is being built by Rosehaugh Stanhope Development, its joint venture.

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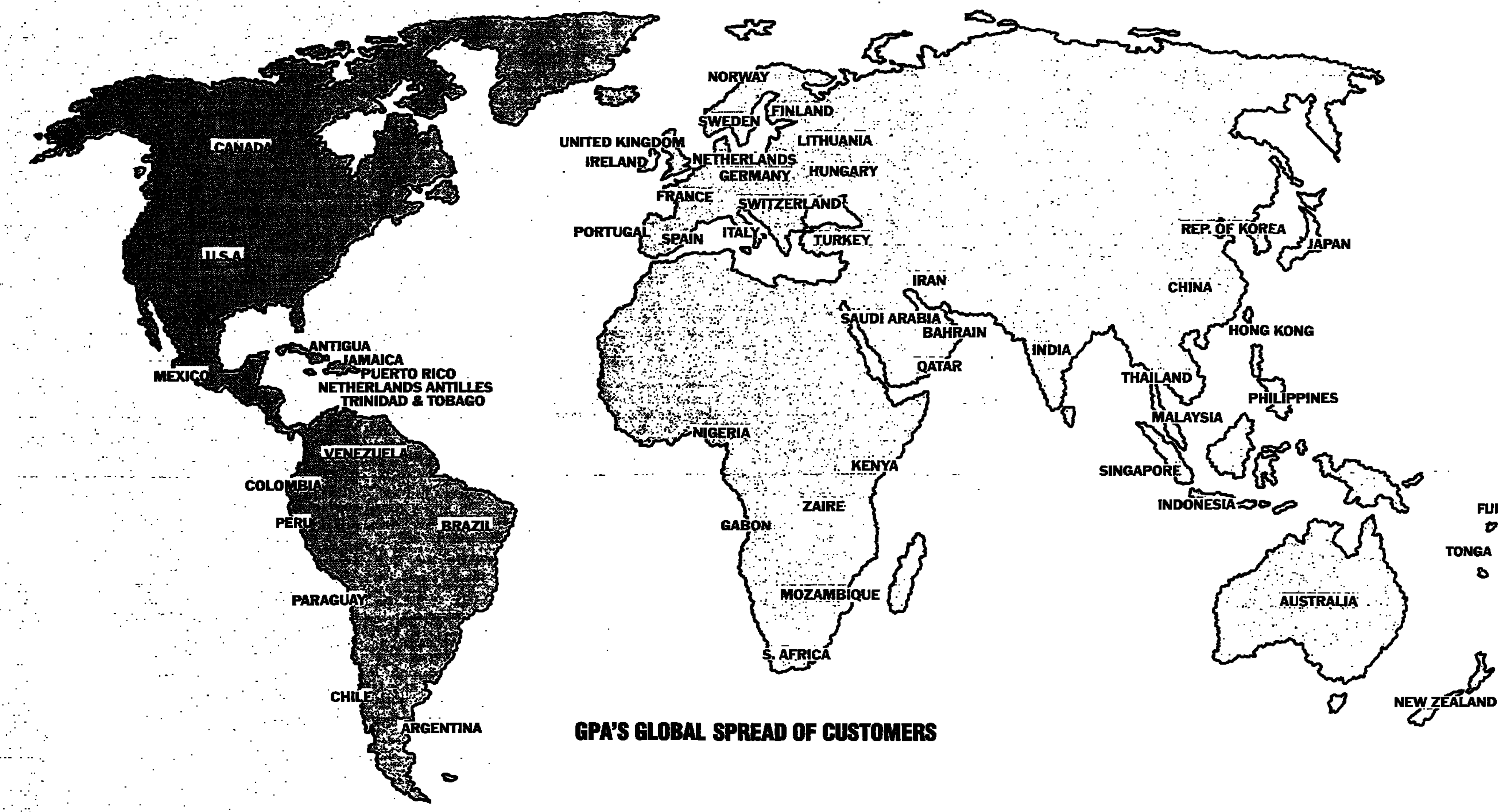
THE GLOBAL OPPORTUNITY



GPA'S GLOBAL SPREAD OF CUSTOMERS

Civil aviation is a growing global industry operating in a world of diversified continents, cultures and economies.

Industry analysts predict that world air travel will grow at an average of 5% to 6% a year between now and 2010, requiring around 11,500 new aircraft at an estimated cost of US$850 billion to meet that growth and to replace ageing aircraft.

Because some regions will grow at a faster rate than others, truly global operators will be able to maximise the opportunities available.

Which is where we come in.

Founded in 1975, GPA is the world's largest operating lessor of modern (post 1985) commercial aircraft.

We have increased our lessee customer base from 28 airlines in 1987 to over 100 in 1992, based in 49 countries. In addition, since 1986 we have sold over 200 aircraft to airlines and investors in more than 20 countries.

Such a diverse customer base which includes airlines in Lithuania, Indonesia, Mexico and China emphasises the global nature of our business.

As mobile assets, aircraft can be delivered for lease or sale to customers anywhere in the world. This enables us to take advantage of new opportunities as and where they arise.

In 1991, we maintained our unbroken record of profit growth and purchased close to 10% of the western world's production of new jet aircraft.

We have over 500 aircraft on order or option for delivery over the next nine years.

We have a proven expertise in leasing aircraft worldwide, providing technical support services, marketing aircraft as investment products, and in managing aircraft and leases for others.

The civil aviation industry is growing. And GPA is positioned to grow with it – globally.

GPA Group plc

WINGS FOR THE WORLD

Delta Air slices $5bn off nine-year spending

By Nikki Tait in New York

DELTA Air Lines, one of the three US "mega-carriers", yesterday announced plans to cut more than $5bn from its capital expenditure plans over the next nine years by red[illegible]ing new aircraft deliv[illegible].

The carrier s[illegible]d the spending reduction was part of an attempt to "implement changes in its fundamental cost structure," and would result in the airline taking delivery of over 100 fewer aircraft. Capital expenditure plans for the period had previously stood at around $22bn.

Delta's action mirrors that of American Airlines and United Airlines, its two big rivals in the US. American said in November it would axe $8bn from its $22bn capital spending plan over the next five years, by deferring options, or allowing them to lapse, on nearly 100 aircraft. United, meanwhile, said in January it would cut at least $2bn over the next three years from a $15.8bn spending programme, again through cuts in its fleet plan.

Delta declined to specify precisely which aircraft would be affected although it said both Boeing and McDonnell Douglas aircraft were involved. It has 275 aircraft on option with the two manufacturers, and 168 on order. But The airline said it would not exercise options expiring on May 1 for 10MD-88s and two Boeing-757s.

Boeing shares slipped $1 to $43⅞, while McDonnell Douglas lost ¼ at $58⅞.

Boeing said yesterday it had only had preliminary discussions with Delta, and believed only aircraft under option were affected. Delta, however, said – within the total cuts – both aircraft on order and under option would be involved.

The Atlanta-based carrier, which last year bought Pan Am's east coast shuttle and transatlantic routes, stressed that other efforts to prune its cost base were under way.

Mr Ron Allen, chairman, said personnel would be cut via attrition, some facilities consolidated, some hub city flight complexes streamlined, and more use made of part-time and contract personnel.

Delta has one of the youngest fleets in the US, with an average age of 9.17 years.

It has also been among the strongest carriers financially. However, this month it reported a $199.3m operating loss for the first quarter of 1992, despite a lower fuel bill.

Mr Allen conceded that losses had escalated recently.

USF&G returns to profits in opening quarter

By Nikki Tait in New York

USF&G, the large but troubled Baltimore-based insurer, reported first-quarter after-tax profits of $4m, against a net loss of $55m a year earlier.

Net realised losses on investments totalled $300,000, compared with gains of $400,000 in the first quarter of 1991.

The company said a "measurable positive trend" was emerging and attributed the rise in operating earnings to a better performance in its property-casualty business.

The company, which has pulled out of some insurance lines and pruned costs fairly drastically, had already predicted a small net profit for the quarter.

Du Pont hoists payout despite 18.3% reverse

By Alan Friedman in New York

DU PONT, the leading US chemicals company that last week agreed to buy the nylon business of Britain's Imperial Chemical Industries, yesterday disclosed an 18.3 per cent slump in its first-quarter net profit, to $482m.

The decline, which translates into 71 cents per share, against 88 cents a year ago, was struck on revenues 5.2 per cent lower at $9.2bn.

The company blamed the sales drop on lower worldwide prices for crude oil and refined products, and to the exclusion of sales from its coal business – now part of a joint venture. Nonetheless it decided to boost the dividend from 42 to 44 cents a share.

Mr Edgar Wollard, chairman, said he was encouraged by indications of a broader economic improvement, as reflected in stronger earnings for non-petroleum businesses such as fibres and polymers. The petroleum division's earnings slumped 63 per cent.

Fibre division earnings were 45 per cent higher while polymer earnings were 56 per cent up on 1991's depressed level.

Chemical earnings fell by 25 per cent, because of lower sales of intermediates and higher costs associated with the company's expansion of its white pigment capacity in the US.

Diversified business earnings were 29 per cent higher.

Ford of Europe back in the black

By Kevin Done, Motor Industry Correspondent

FORD of Europe staged a financial recovery in the first three months this year and achieved a net profit of $84m against a loss of $129m a year ago.

Its automotive operations, including Jaguar, its UK luxury car subsidiary, slumped to a net loss in the whole of last year of $1.079bn from a net profit of $145m in 1990 and a profit of $1.19bn in 1989.

Ford said it operated profitably in most of its main European markets in the first quarter, and had reduced the operating losses of Jaguar to $90m from around $130m.

The company claimed Ford of Britain – now excluding Jaguar, where ownership has been transferred to the US parent company – had also achieved a small profit in the first three months after suffering record losses last year.

The financial improvement in the UK, achieved despite the continuing decline in the UK new car market, was the chief factor behind Ford of Europe's return to profit.

In the whole of last year the losses of $761m at Ford of Britain and $354m at Jaguar had more than offset profits made in continental Europe and in some other overseas markets.

Ford of Britain, excluding Jaguar, made a small profit in the first quarter, despite a 10.3 per cent fall in sales volume to 95,896 from 106,892 a year ago.

Ford said its UK marketing costs, although still high, had been reduced to 17 per cent of sales revenues from 19 per cent a year ago.

GM tunes up its recovery plans

Martin Dickson detects some urgency at the slow-moving car maker

SUDDENLY, a large foot appears to have hit the accelerator marked "reform" at General Motors, the troubled but slow-moving US vehicle manufacturer.

In quick succession over the past week the world's largest vehicle company has announced plans for a $2.3bn international share offering; a reorganisation of the management structure in its loss-making North American car operations; and the group's first quarterly profit after 18 months of red ink.

At first glance all this might seem a rapid and dramatic response to the extraordinary boardroom coup which shook GM at the start of this month.

That was when the company's non-executive directors, frustrated by management's slow pace of reform, clipped the wings of Mr Robert Stempel, the GM chairman, by removing him from the leadership of an important board committee.

They also demoted two of his lieutenants, including Mr Lloyd Reuss, the group's president and head of North American operations, who was replaced by Mr Jack Smith, head of GM's highly profitable international operations.

Certainly, since the coup, GM has been setting about restructuring itself with a much greater sense of urgency.

General Motors Quarterly Net Income

	$m (loss)
Q1 1992	179.0
Q4 1991	(2,467.8)
Q3 1991	(1,056.7)
Q2 1991	(784.5)
Q1 1991	(1,100.0)*
Q4 1990	(1,617.0)
Q3 1990	(1,978.8)
Q2 1990	900.1
Q1 1990	710.0
Q4 1989	700.2
Q3 1989	516.9
Q2 1989	1,454.2
Q1 1989	1,553.0
Q4 1988	1,398.3
Q3 1988	859.2
Q2 1988	1,506.7
Q1 1988	1,092.1

* before special items

source: company reports

Yet the road it is following is basically the same as that outlined by the "old" management team between December and February, when Mr Stempel announced plans to close 21 plants by the middle of the decade, cut 70,000 jobs and radically overhaul the North American management structure. That said, Mr Smith has added some significant new twists to the strategy.

GM's basic problem in North America is its bureaucratic, slow-moving, nature. This means it has failed to react – until now – with sufficient vigour to its loss of market share to Japanese rivals, and has tended to avoid labour confrontations by buying off the powerful United Auto Workers union.

It produces a bewildering range of cars, serving overlapping markets, which bear seven different brand names and have a decidedly mixed design reputation.

To sustain its 35 per cent car market share, it relies heavily on discounted sales to fleet operators.

Its past failure to close excess capacity means many of its plants are running way below break-even, while its contract with the UAW means it pays members irrespective of whether they are actually working.

All this could be glossed over during the industry's up-cycle in the late 1980s, but the recession of the past year has exposed the company's fundamental weaknesses. Its losses of $4.5bn in 1991, the highest ever reported by an American company, eroded its balance sheet and liquidity, and created a very negative climate on Wall Street.

Standard & Poor's, the credit rating agency, lowered its rating on GM's senior debt in mid-March, on the grounds that the group's North American reforms looked inadequate to bolster liquidity.

Even more seriously, S&P threatened to do the same for GM's commercial paper, which provides cheap funding for its important financing arm.

The share issue which GM announced last Friday, but which appears to have been approved by the board many weeks ago, forms a major plank in the company's efforts to convince Wall Street that it has sufficient liquidity.

The company will also issue $500m of shares to its underfunded pension scheme. All this, together with several recent tranches of preference stock, will bring to more than $6bn the amount of equity capital GM will have raised since last summer.

The success of the issue will depend on Mr Stempel and his colleagues convincing investors during an international road show that the company really is getting to grips with its operating problems.

They will get a little help from this week's first-quarter figures, which were modestly better than analysts had been expecting. The group made $179m, compared with a loss of $1.1bn before special items a year ago.

North America was still heavily in the red – to the tune of $1bn, according to analysts' estimates – but the losses were much reduced.

Detroit rival Ford also reported a return to profit yesterday, and recovery from recession over the next year should float the industry as a whole away from the financial rocks.

Robert Stempel: plans to reorganise North American management structure have been accelerated

Yet GM's profit levels are derisory for a business with quarterly turnover of $32bn, and investors will need convincing its recovery plans can not only produce a sustained improvement, but do it mighty quickly too.

Mr Stempel hinted in a speech this week that he did indeed plan to speed up his leisurely schedule of 21 factory closures. So far only 14 of those to be shut have been identified.

And his plans to reorganise North America's management structure have also been accelerated since the coup. The idea, first outlined by Mr Stempel in February, is to cut out bureaucracy and speed decision-making by scrapping the framework established in 1984 by Mr Roger Smith, GM's previous chairman.

Roger Smith set up three cumbersome divisions. Two of them made and sold cars – Chevrolet-Pontiac-GM of Canada and Buick-Oldsmobile-Cadillac – and one did the same for trucks and buses.

All this has been ditched in favour of a single umbrella organisation, headed by Jack Smith. There is a single team in charge of passenger car engineering and manufacturing, a similar one for trucks, and a single group to oversee all US vehicles sales and marketing.

The result should be a more coherent, co-ordinated approach to the business, and could eventually mean rationalisation of the model range, or even total elimination of one of the brand names.

The top managers for the new structure were appointed last week and the biggest gainer is Mr Michael Losh, 45, who has been put in charge of all sales and marketing. For the past two years he had been running the struggling Oldsmobile division, where he was credited with considerable marketing flair.

However, the structure announced last week contains one large change from the pre-coup, pre-Smith scheme. A new post, head of worldwide purchasing, has been created, and it is to be filled by Mr J. Ignacio Lopez de Arriortua, a 50-year-old Spaniard, who is head of GM purchasing in Europe.

When Mr Smith was turning round GM Europe in the mid-1980s, Mr Lopez played a key part in the strategy of cutting components costs by buying cheaper ones from non-traditional suppliers around the continent and beyond.

Mr Lopez's new role suggests Mr Smith will try the same tactic in North America, which could spell trouble for GM's in-house parts operations, which have been shielded from competition. It could also spell confrontation with the UAW, which is opposed to further out-sourcing of parts.

Another important ingredient in the GM's successful European operations has been the introduction of three-shift, round-the-clock working at its factories.

Mr Smith may try to replicate this in the US, again risking difficulties with the UAW, which is smarting from the 21 closures.

The union does not appear in a particularly strong position. It suffered a serious defeat earlier this month at Caterpillar, the heavy equipment group, where a management threat to replace strikers led to a return to work.

But even if GM's management changes proceed smoothly – a big if, given the turmoil that followed the 1984 plan – Mr Smith will need to tread softly and carry a very big stick if he is to bring the UAW along with the revolution.

LEGAL NOTICES

Advertisement of creditors' meeting under Section 48(2) of the Insolvency Act 1986
Company No 2089294
Registered in England and Wales
ROWFIELD LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at: Orchard House, 10 Albion Place, Maidstone, Kent on 14 May 1992 at 10.30 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:
(a) they have delivered to me at the address shown above, no later than noon on 13 May 1992, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with me any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Signed: N J Vooght
Joint Administrative Receiver.

NOTICE TO CREDITORS
EXCHANGE TRAVEL (HOLDINGS) LTD
EXCHANGE TRAVEL AGENCY LIMITED
EXCHANGE TRAVEL HOLIDAYS LIMITED
(All in Administration)
FORTHCOMING WINDING UP PETITIONS

Creditors of the Exchange Travel Group of Companies may be interested to learn that the trustees of the Exchange Travel (Holdings) Limited Superannuation & Life Assurance Scheme seek the appointment of an independent co-liquidator alongside the appointment of the three administrators as liquidators on the winding up of Exchange Travel Agency Limited. The trustees will be asking the court to order the appointment in order to investigate concerns the trustees have in relation to the administration.

The trustees would be glad to hear from any creditors of the Exchange Travel Group of Companies who may wish to know more about the grounds on which the trustees have based their application. Accordingly, creditors are invited to contact the trustees' solicitors, Messrs Lovell White Durrant, 65 Holborn Viaduct, London EC1A 2DY. Ref. CS/ARH/NDC for further information.

Koor Industries returns to profit after five years

By Judy Maltz in Jerusalem

KOOR Industries, Israel's largest industrial conglomerate, yesterday reported its first annual net profit in five years. The company posted net earnings of $89m in 1991, after losing $48m the previous year.

Faced with the threat of liquidation three years ago, Koor launched a recovery programme and last September signed a comprehensive debt restructuring programme with its local and foreign creditors.

"For the first time in 1991, our financial statements reflected the full extent of an administrative, operational and financial revolution that has taken place at Koor," said Mr Benjamin Gaon, president. "Comparison of the reported results since 1988 clearly indicates the constant improvement over those years."

Koor's operational profits were up by 84 per cent last year, to $134m. Sales fell 11 per cent to $2.4bn, compared with the previous year. This was attributed to reduced holdings in subsidiaries.

Since 1987, Koor has registered $720m in accumulated losses. As part of its recovery programme, it cut its workforce by almost 50 per cent, to about 16,000 people. It also sold off more than $300m in assets.

Under the terms of the financial restructuring signed last year, the Israeli banks, which were owed $600m, exchanged a third of their debt for equity and rescheduled the remainder over nine years. As a result, they have become collectively the biggest shareholders in Koor.

Southern Cross predicts loss

By Kevin Brown in Sydney

SOUTHERN Cross Airlines Holdings, the probable purchaser of Australia's grounded Compass Airlines, yesterday said it expected to lose A$7.5m (US$5.68m) in its first year of ownership, but would make a profit of A$11.3m in 1993-94.

Mr Douglas Reid, deputy chairman, said Compass would be relaunched on July 1 if a A$50m offer for the airline by Southern Cross was completed.

He said Compass would offer fares up to 40 per cent below those of its main competitors, the government-owned Australian Airlines and Ansett Australia, jointly owned by TNT and News Corporation.

Mr Reid added that the airline would cut prices by a further 15 per cent if necessary. However, he said, Southern Cross would aim for a market share of only 5 per cent, significantly less than that targeted by Compass before it went into liquidation in December.

Mr Reid said Compass would be relaunched with five MD-82 aircraft providing services between Sydney, Melbourne, Brisbane, Adelaide, Townsville and Cairns. Southern Cross intended to expand the network later by adding two extra aircraft to serve Perth and Coolangatta, on Queensland's Gold Coast.

Southern Cross has a binding agreement with Mr Ian Ferrier, the liquidator, which guarantees it the right to purchase Compass if it can raise sufficient finance.

Mr Reid said he was "very confident" that a proposed share issue to raise A$50m would be well supported. He added that some of the financial institutions which invested in the initial Compass flotation in 1990 have expressed interest in the flotation.

A rival bid for Compass by the Republic of Nauru and Austfin, an Australian merchant bank, has been rejected by the liquidator but remains open.

First National Bank lifts income 20.5%

By Philip Gawith in Johannesburg

FIRST National Bank (FNB), South Africa's third-largest bank, lifted net income by 20.5 per cent to R187.8m ($65.2m) in the six months to the end of March on the back of asset growth of 18 per cent.

The bank recorded a 26.9 per cent increase in net interest income, to R920.6m, and a 21.8 per cent rise in the bad debt charge, to R160.5m.

Mr Barry Swart, managing director, said the interest performance was the result of the bank's focus on profitable business. The 27 per cent increase in net interest income came from a 20.6 per cent increase in advances.

Mr Swart said bad debts had risen more than anticipated – the bank forecast an overall drop for the year to September 1992 – but attributed this to an unforeseen double-dip recession and the impact of the severe drought.

Although FNB has a large market share in agricultural lending, Mr Swart said that less than 10 per cent of total loans went to the agricultural sector.

Other operating income was 21 per cent higher at R645.4m, but this was overshadowed by a 23.1 per cent increase in other operating expenses.

Assets increased by 18 per cent to R39.5bn. Mr Swart said FNB wanted to continue to be aggressive in increasing its assets, and most of the R550m raised in a rights issue earlier this year would be used for this purpose.

Earnings per share rose by 20.4 per cent to 257.7 cents and the dividend was lifted by 11.1 per cent to 50 cents per share.

Eastman Kodak slips to $145m on flat sales

By Karen Zagor in New York

EASTMAN Kodak, the world's biggest maker of photographic equipment, reported a 19 per cent decline in first-quarter net earnings on sales that were essentially flat.

The company, in the midst of its fifth restructuring since 1983, had warned in March it would have a difficult first quarter and its recovery would be only gradual.

Net income was $145m, or 45 cents a share, on sales of $4.41bn compared with earnings of $178m, or 55 cents, on sales of $4.42bn a year earlier.

Mr Kay Whitmore, chairman and chief executive, said the results were hardly satisfying. "Respectable margins in health and chemicals were accompanied by poor rates of return in imaging and information, where problem areas are being vigorously addressed."

He said earnings were hurt by higher costs, unfavourable currency translations, lower selling prices and higher spending on research.

He added: "We look forward to better results with the expectation that sales will continue to recover, particularly in the second half, and that earnings will benefit from actions to restore operating margins to more satisfactory levels."

● CHEVRON, leading US energy group, reported a 45 per cent drop in first-quarter net profit to $304m, writes Alan Friedman.

Earnings per share declined to 88 cents from $1.59 in the first three months of 1992. Total revenues were down by 10.2 per cent to $9.7bn.

Brazilian oil group to explore in Cuba

By Christina Lamb in Rio de Janeiro

PETROBRAS, the Brazilian state oil monopoly, is to sign a contract next week to begin exploration in Cuba. Mr Ernesto Weber, the company's president, said yesterday the decision was part of a new policy to increase its international operations, resulting from this month's government reshuffle.

According to Mr Weber the company's aim was no longer to be self-sufficient in oil but to produce at competitive cost. "Investments should be made in terms of return and we will import or explore overseas rather than produce domestically at high cost."

The company was maintaining its heavy investment programme of $15.8bn over the next four years, with the aim of lifting production from 600,000 to 1m barrels per day mainly through deep sea drilling, he said. Brazil's consumption is 1.15m barrels per day.

Petrobras, one of the largest companies in Latin America with revenues last year of $13bn, is under police investigation over an alleged network of manipulation of awarding contracts and misuse of the company's pension fund.

The Brazilian Congress is due to vote this year on a constitutional amendment to end the state monopoly over production and exploration.

Taiwan clears the air over bid for McDonnell Douglas business

By Luisetta Mudie in Taipei

SOME OF the uncertainty surrounding Taiwan Aerospace's plan to buy up to 40 per cent of McDonnell Douglas's commercial aircraft business was dispelled yesterday. Mr Vincent Siew, economics minister, announced to the parliament that the deal had the full support of his ministry.

The uncertainty resulted from the fact that Taiwan Aerospace, 29 per cent government-owned, would not be able to finance the deal without outside backing. Although it was clear government funds would be needed, no assurance of help was forthcoming.

However, the government faces mounting criticism from legislators, who say pouring up to $2bn into a financially stretched company is no way to make a start in the aerospace industry.

The government's attempts to distance itself from the deal culminated in the resignation two weeks ago of Mr David Huang, Taiwan Aerospace chairman, who was known to have official and military ties.

Vincent Siew: offering carrots to private investors

Taiwan Aerospace has not begun production although talks are continuing with France's Aerospatiale over a proposed joint venture to manufacture helicopters.

If the deal with McDonnell Douglas goes ahead, wing and fuselage parts for the new MD-12 wide-bodied jet will be made on the island.

Mr Siew said yesterday the government would be offering carrots to private investors in the form of low-interest loans and tax incentives, and would seek to finance the deal through state-owned enterprises, such as the Bank of Communications. However, direct investment by the government is likely to be unavoidable.

Mr Earle Ho, Taiwan Aerospace's new chairman, says he hopes the government's initial investment will make up 49 per cent of the total, in order to improve confidence. "They could always reduce that proportion at a later date."

Mr Ho, well-known in the local business world, is treading a fine line between the dissenters and the government. His appointment was intended to give Taiwan Aerospace credibility as a private company, motivated by profit rather than ideals of national glory.

He was the first to debunk the idea that the $2bn figure is written in stone, questioning that McDonnell Douglas is worth $5bn, as the price implies.

Before the deal can go ahead it must be approved by the legislature, and its progress, even in the face of criticism, should benefit from the government's more clearly defined role.

Curtain finally comes down on Greek drama

Kerin Hope finds the state celebrating the sale of Heracles, its biggest cement group

When the new owners of Heracles Cement arrive at the company's offices this week, Greece's privatisation team will feel its most arduous task has been accomplished.

Heracles, Europe's largest cement exporter, was sold last month to Calcestruzzi, the construction arm of Italy's Ferruzzi group, in a joint venture with the state-owned National Bank of Greece. Calcestruzzi is now responsible for Heracles' day-to-day management.

"Heracles survived surprisingly well under state control, retaining its corporate culture. But at this point, some strategic decisions must be taken," says Mr Stelios Stavridis, the outgoing chairman.

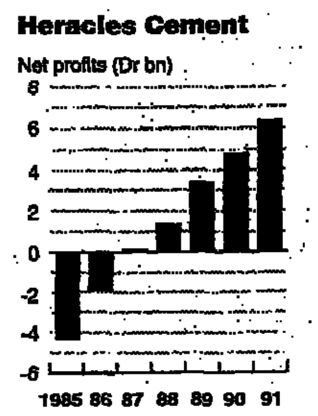
Heracles was the key component of a privatisation programme launched two years ago by the Industrial Reconstruction Organisation (IRO), the state holding group for about 40 companies nationalised in the early 1980s.

With a local market share of 44 per cent and exports of 3.5m tonnes a year, it is easily the biggest of Greece's four cement producers. Its two plants in central Greece are close to company-owned quarries and deep-water loading facilities, which means reduced export overheads in comparison with European rivals.

As well as operating its own fleet of bulk carriers, Heracles controls a dozen diversified subsidiaries, encompassing packaging, computer software and insurance. Group net profits for 1991 totalled Dr6.39bn ($33m) on turnover of Dr56bn.

The privatisation team at IRO faced a serious problem in disposing of its 69.8 per cent shareholding in Heracles. This stemmed from a legal dispute over the way the company was nationalised, with some Dr27bn in debt compulsorily capitalised in violation of European Community company law.

Whoever acquired Heracles stood to lose the entire investment if the debt capitalisation was reversed, making IRO's equity invalid. Moreover, prospective buyers were not encouraged by the Greek government's offer of a guaranteed refund of the purchase price plus interest if the European Court, which is to consider the case, ruled against the IRO.



At this point, the National Bank came into the picture with a scheme under which it would join forces with the strongest bidder for IRO's stake in Heracles. It was an attractive offer. If the 1986 debt capitalisation were reversed, National Bank would revert to being Heracles' largest shareholder with 25 per cent.

Calcestruzzi – which had acquired 17 per cent of Heracles through the Athens stock market – and National Bank then submitted a joint bid of Dr107bn for the IRO holding. It turned out to be the only firm offer received.

Italcementi, the only other short-listed contender following the withdrawal of Holderbank of Switzerland, pulled out at the last minute, claiming that the unannounced alliance between Calcestruzzi and National Bank violated transparency procedures in the sale.

However, Italcementi later indicated it was prepared to offer Dr120bn if National Bank changed sides. Instead, Calcestruzzi and the bank raised their offer to Dr124bn. This was just above the value placed on Heracles by Morgan Stanley, acting as IRO's financial adviser on the sale.

Calcestruzzi, a ready-mix concrete producer controlling over 1,000 regional construction companies in Italy, is the country's largest customer for cement. It has been trying for years to acquire a large cement producer to ensure a steady source of supply. Its earnings for 1990, the latest figures available, totalled L45bn ($36m) on sales of L1,178bn.

Calnat, the joint venture formed to acquire Heracles, is 52.5 per cent-owned by Calcestruzzi and 47.5 per cent by National Bank. Calcestruzzi has an option to buy out National Bank's stake over the next four years.

Calcestruzzi, listed on the Milan stock exchange, is financing its Dr65.1bn share of the deal through bank borrowing, and by selling off some smaller companies under its control.

Return to the black at Norsk Hydro

By Karen Fossli in Oslo

NORSK HYDRO, Norway's biggest stock market listed company, swung back to profit in the 1992 first quarter, after a net loss of NKr498m ($77.3m) for the whole of 1991. Last year's result followed a restructuring.

However, first quarter earnings, at NKr201m, were half the year-ago figure of NKr410m. Hydro blamed this on the inflationary effects of the Gulf war.

Group operating revenue for the 1993 first quarter decreased by NKr265m to NKr15.96bn, as operating costs rose by NKr395m to NKr13.55bn. Group operating income was reduced by NKr766m to NKr1.04bn.

Mr Egil Myklebust, president, said although first-quarter results were unsatisfactory, they were a clear improvement over last year's fourth quarter.

Hydro explained that net income was influenced by the effects of a stronger dollar. The realised and unrealised effects of foreign exchange movements meant a loss of NKr470m, compared with a loss of NKr450m last year.

The agriculture division saw operating income fall NKr331m to NKr195m, as operating revenue dipped NKr33m to NKr7.24bn. Hydro said European fertiliser prices increased along with sales volume.

The oil and gas division reduced operating income by NKr27m to NKr738m, as operating revenue advanced NKr200m to NKr3.31bn. Oil and gas production rose to 2.2m tonnes of oil equivalent from 1.9m, but average crude oil prices per barrel fell.

Light metals suffered a NKr313m plunge in operating income, to NKr89m, as operating revenue was cut NKr459m to NKr4.14bn. Hydro said the effect of the decline was partly offset by lower raw materials prices and higher smelter productivity. Petrochemicals saw operating income fall NKr106m to NKr96m due to lower prices.

OMV expects loss of Sch300m in quarter

By Deborah Hargreaves

OMV Group, the Austrian-based oil company, expects to make a first-quarter loss of around Sch300m ($25.8m) following deteriorating conditions in its plastics and chemicals divisions.

However Mr Siefried Meysel, chairman, said the company would stick to its dividend policy and increase last year's payout by 1 percentage point to 20 per cent of equity capital of Sch2.4bn.

The company saw pre-tax profit slip to Sch1.72bn last year from Sch1.85bn in 1990. However a reduction in its tax liabilities led to a 75 per cent rise in after-tax profits, to Sch1.42bn from Sch810m.

OMV, which has interests in oil refining, gas marketing, chemicals and plastics, saw increased sales in all sectors. Turnover rose 6.5 per cent to Sch82.9bn from Sch77.87bn.

The company is making a push into eastern Europe; last year it opened 13 filling stations in Hungary and Czechoslovakia. It has just signed a contract to open 60 petrol stations in Slovenia and is looking at expansion into Bavaria and northern Italy.

Marzotto declines 12%

MARZOTTO, the Italian textiles and clothing group which last year bought control of Germany's Hugo Boss, reported a 12 per cent fall in group net profits to L39.8bn ($31.9m) last year from L45.4bn in 1990, writes Haig Simonian.

Earnings at parent company level fell 28 per cent to L25.3bn. The decline prompted a L70 dividend cut to L280 a share for ordinary shares, L300 for convertible savings shares and L340 for non-convertible savings stock.

Bayer down 8% to DM812m

By Andrew Fisher in Frankfurt

BAYER, the German chemical group, yesterday announced a drop of 8 per cent, to DM812m ($492m), in pre-tax profits for the first quarter. It expressed little hope of any marked improvement this year.

The results showed a much flatter decline than those of its domestic rivals, however. Hoechst's pre-tax result was down 26 per cent in the first three months, while BASF suffered a 25 per cent slide.

Bayer's stronger performance reflected its greater involvement in the non-cyclical pharmaceuticals sector, accounting for half of profits.

It said its operations in the US and parts of western Europe had experienced initial signs of economic revival. Group turnover was 4 per cent higher at DM11.2bn, but eased by 2 per cent in Europe to DM7.5bn. In North America, however, there was a 17 per cent increase to DM2.3bn, helped by the stronger dollar.

The company said trends in the consumer and industrial sectors were different. This year, its hopes were concentrated on consumer-related products such as cosmetics, while its expectations on the industrial side weren't as positive. Health care products were buoyant in the first quarter, with a 14 per cent jump in sales to DM2.3bn.

Industrial chemicals showed a 6 per cent turnover improvement to DM2bn. The agricultural division also improved.

BASF tumbles 25% to DM473m

By Andrew Fisher

BASF profits slumped in the first three months of this year and the German chemical concern said it saw no real signs of improvement in the world economy, despite some positive indications from the US.

BASF's pre-tax figure of DM473m ($286.6m) was 25 per cent lower than that of the first quarter of 1991, putting it roughly in line with the poor performance of Hoechst which reported a 26 per cent fall. Bayer's first-quarter decline was a much gentler 8 per cent.

In common with its rivals, BASF managed a slight rise in turnover, which was 4 per cent higher at DM11.9bn.

However, it said that this was mainly due to higher oil taxes in Germany – BASF has a large energy operation – as well as the inclusion of new activities. The company said stiffer competition had led to large profit declines in some sectors; these could not be offset by cost-cutting measures and restructuring.

BASF said business was weak in plastics and fibres, with profits held back by low prices and the starting up of new plant, although volumes were higher.

INTERNATIONAL CAPITAL MARKETS

Good institutional response to £2.5bn gilt auction

By Simon London in London and Karen Zagor in New York

GOVERNMENT BONDS

THE Bank of England comfortably sold £2.5bn long-dated government bonds yesterday, drawing a good response from UK institutions to the first auction in the £33bn funding programme expected this fiscal year.

The market reacted positively to the results of the auction, with dealers relieved the heavy funding programme had started well. Bids for the 8¾ per cent bonds maturing 2017 covered the stock available by 1.82 times.

The results showed a consensus among investors on the correct pricing for the new issue. The lowest price accepted by the Bank of England was 97¾, where the yield is 9.02 per cent. Around 19 per cent of the issue was sold at this low level. The highest bid was 97$\frac{25}{32}$, for a yield of 9.01 per cent.

The difference between the yield on the highest bid and the average yield was zero, indicating that the Bank did not have to accept low-price bids to sell all the bonds.

Following the announcement of the auction results, the gilt futures contract on Liffe, the London futures exchange, rose sharply from an opening level of 98.17 to 99.04. Traders said the rally was exaggerated by dealers covering positions taken ahead of the auction.

However, in the afternoon prices settled. By the close the contract stood at 98.20. Trading volume was a heavy 58,000 contracts. The 9 per cent gilt maturing 2011 closed unchanged on the day at 99$\frac{25}{32}$, for a yield of 9.02 per cent.

Most of the new stock was taken by UK institutional investors, such as pension funds and life insurance companies, with very long dated liabilities.

The issue creates a liquid benchmark at the long end of the gilts market, where liquidity was relatively poor.

Market-makers also reported some buying from overseas investors, unusual for such a long-dated issue.

Coupon payments on the bonds are exempt from withholding tax for overseas residents, a feature designed to attract international investors into the bonds.

Analysts said the government has now raised £7bn since the Conservative election victory.

■ GERMAN government bonds traded lower yesterday in a lack-lustre day which saw low trading volume and little hard data to lead the market.

The benchmark 8 per cent Unity bond closed on a yield of 7.99 per cent, having finished on Tuesday 7.96 per cent.

On Liffe, the London futures exchange, the June bund futures contract closed at 87.21 from an opening level of 87.40 and a close of 87.35 on Tuesday. The contract moved within a narrow range, in listless trading. Volume was a sluggish 30,000 contracts – around half the trading activity seen on Monday and Tuesday.

The state of Hesse released consumer price inflation data which showed a 0.3 per cent increase in prices in the month to mid-April, for a year-on-year rate of 4.5 per cent. The figure was in line with expectations and, following similar data from the states of Baden Wuertemberg and North Rhine-Westphalia, suggests consumer prices in western Germany rose by 0.3 per cent in the period, for an annual rate of 4.5 per cent.

■ THE Italian government bond market easily absorbed L5,000bn 10-year fixed rate government bonds yesterday, although demand from international investors was tempered by the political uncertainties facing the country.

Bond prices were buoyant on the day, with the benchmark 10-year fixed rate bond (BTP) maturing January 2002 traded at 98.35 in late afternoon, up from 98.27 at Tuesday's close.

The new paper was sold at an average price of 99.25, for a yield net of withholding tax of 10.86 per cent. At the January auction, new 10-year paper was sold at an average price of 98.60, for a net yield of 10.97 per cent. The new bonds are immediately deliverable into the Liffe bond futures contract, which makes them attractive for international portfolio investors. However, dealers in London said international buying was less than expected following the resignation of Mr Francesco Cossiga, president.

■ US Treasuries prices briefly bounced higher yesterday afternoon following news of a smaller-than-expected quarterly refunding package, but bonds were unable to hang onto their gains and ended the day broadly lower.

In late trading, the Treasury's bellwether 30-year bond was off $\frac{1}{32}$ at 99$\frac{1}{32}$, yielding 8.06 per cent. The two-year note was down ⅛ to yield 5.43 per cent.

The Federal Reserve refrained from operating in the open market yesterday morning. The lack of intervention was expected, with Fed Funds trading at 3$\frac{13}{16}$ per cent, slightly below the Fed's perceived target of 3¾ per cent.

The market was surprised by the size of the refunding package, which at $36bn was at the low end of expectations and triggered some short-covering. The package is made up of $15bn in 3-year notes, $11bn in 10-year notes and $10bn in 29½ year bonds.

The Treasury also decided to re-open the 8 per cent long bond.

There was little reaction to the morning's release of personal income and spending figures for March. Personal income rose 0.6 per cent in the month on a seasonally adjusted basis, while February's increase was revised to 1 per cent from a previous estimate of 1.1 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	104.2055	+2.463	9.36	9.76	9.85
BELGIUM		9.000	06/01	100.9000		8.66	8.60	8.70
CANADA *		8.500	04/02	97.7300	-0.100	8.86	8.92	8.73
DENMARK		9.000	11/00	101.1200	+0.050	8.60	8.56	8.88
FRANCE	BTAN	8.500	03/97	98.4846	-	8.88	8.77	9.00
	OAT	8.500	11/02	98.4200	-0.060	8.72	8.64	8.70
GERMANY		8.000	01/02	99.9600	-0.120	7.99	7.92	8.00
ITALY		12.000	02/02	98.3600	+0.090	12.29†	12.29	12.42
JAPAN	No 119	4.600	06/99	93.9500	-	6.01	5.97	5.55
	No 128	6.400	03/00	103.9248	-	5.68	5.64	5.28
NETHERLANDS		8.250	02/02	99.3500	-0.060	8.34	8.29	8.40
SPAIN		11.300	01/02	102.0200	-0.100	10.64	10.51	10.65
UK GILTS		10.000	11/96	102-14	+2/32	9.33	9.35	10.11
		9.750	08/02	103-27	+2/32	9.16	9.22	9.85
		9.000	10/08	99-24	-1/32	9.03	9.04	9.61
US TREASURY *		7.500	11/01	99-10	-11/32	7.60	7.55	7.54
		8.000	11/21	99-06	-4/32	8.07	8.04	7.96
ECU (French Govt)		8.500	03/02	98.3400	-0.010	8.75	8.62	8.66

London closing, *New York closing. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

New market in Ecu-denominated equities considered

By Richard Waters

THE outline of a possible new market in Ecu-denominated equities was sketched yesterday by a senior figure from the London Stock Exchange, the first time such a possibility has been raised publicly by the exchange which already dominates cross-border share dealing in Europe.

The market would involve the creation of "European Depositary Receipts," similar in many ways to American Depository Receipts.

Shares in leading European companies would be placed with depository banks and reissued in Ecu form.

Speaking at a conference in London on the implications of a single European currency, Mr Martin Hall, who is head of public policy at the exchange, said that the advantages of such a market would be considerable.

These included "seamless trading in all the major European stocks; easy 'basket trading', on the basis of a single 'basket EDR' enabling Japanese or US investors to 'buy Europe' in a single transaction; [and] the creation of readily workable European indices and derivative products".

Novelty, and the difficulty of attracting enough investors to the market, were the main obstacles to the idea, said Mr Hall, adding that the development of such a market was unlikely until the outcome of planned monetary union in the EC became clearer.

Investors generally react positively in principle to the idea of a single, Ecu-denominated share market.

Mr Mike Payne, head of international equity investment at Legal & General, the UK insurance company, said yesterday: "What's annoying about European investment is that you have to deal with so many currencies."

However, the Ecu has yet to develop a strong enough backing to make it an attractive currency for investors.

French 20-year offering makes impressive debut

By Tracy Corrigan

INTERNATIONAL BONDS

CAISSE Autonome de Refinancement, the French government-owned agency, made an impressive debut in the Eurobond market yesterday, when its FFr2.5bn offering of 20-year bonds, the longest maturity tested in the sector, was heavily over-subscribed.

The deal, arranged by Paribas, successfully tapped both domestic and international demand, in an area of the yield curve which had previously received little attention. Although the French government issues 30-year debt, outside the government bond market the longest duration available prior to the CAR deal was 15 years in the domestic market and 13 years in the Eurobond market.

Dealers reported strong demand from both domestic and international institutional investors, particularly insurance companies, which like to match assets to long-dated liabilities.

The deal had been marketed ahead of launch to international investors, many of whom were not familiar with the borrower. The CAR is owned by the Caisse des Depôts et des Consignations (CDC), the French government-owned bank. CAR refinances loans, mainly government-guaranteed, granted by CDC for public housing projects.

The deal was not swapped, since the borrower was keen to lock in fixed-rate funding.

The size of the issue is likely to be increased in the future by fungible tranches.

The yield curve in the French bond market is virtually flat from 10 to 30 years, but the long-dated paper commanded some rarity value, and the launch spread of 45 basis points above the 20-year French government bond yield was considered attractive. Although there is no paper of comparable maturity, debt issued by government-owned borrowers such as Société Nationale des Chemins de Fer Français, the national railway and Electricité de France, the electricity utility, trades at 35 basis points to 40 basis points over the 10-year area of yield curve.

The deal closed at 97.95 bid, above its fixed price reoffer of 97.75.

In the sterling sector, the Republic of Finland added £150m of bonds to an existing £200m issue due 1998, which was quoted at a premium to its par value. The fixed re-offer price of 102½ for the new bonds detered some investors, who do not like to buy bonds priced above par. Some dealers said it would have been preferable to add to a more recent £250m issue due 1997, which was trading below par and at a tighter spread.

However, lead manager Baring Brothers said the 1997 issue, launched in February, was not sufficiently seasoned, adding that the spreads of both deals had been taken into account for the pricing of the new bonds, which yield 23 basis points more than the comparable gilt, and offer a pick-up over both outstanding deals.

The deal, which was structured as a block trade, widened to 28 basis points when the gilts market rallied after the 25-year auction, but tightened when the gilts market fell

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
Republic of Finland(b)†	150	10.375	102.50	1998	-/10bp	Baring Bros.
ECUs						
AB Spintab(c)†	50	9	100	1999	(c)	IBJ Intl.
CANADIAN DOLLARS						
Deut.Bk.Fin.Neth.Ant.(d)†	50	9.375	101.17	1996	(d)	DBCM
FRENCH FRANC						
Caisse Auto.de Refinance(a)†	2.5bn	9	97.75	2012	0.50	Paribas Cap Mkts.
ESCUDOS						
European Inv. Bk.(e)†	15bn	10.4	101.125	1999	1.625/1.125	Deut.Bk.de Investimento

★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Fungible with existing £200m deal. Total fees undisclosed. Non-callable. c) Fees undisclosed. Non-callable. d) Fungible with existing C$350m deal. Fees undisclosed. e) Callable at par in the fifth year only.

Reuters launches foreign exchange dealing system

By Richard Waters

REUTERS' long-awaited foreign exchange dealing system, Dealing 2000-2, was finally launched yesterday, although with fewer banks ready to participate than had been planned.

The UK-based information group said yesterday that 18 banks were ready to use terminals in 22 sites in London and New York. Coming after a lengthy development process and a hefty, though undisclosed, investment, the launch puts Reuters ahead of two rival groups which plan to launch similar products in the coming months.

One bank using the system said yesterday it had experienced no problems, and had completed a number of transactions. "It's going well. We're trading on it," a dealer said.

However, several banks were not ready for yesterday's launch. The IRA bomb that devastated the St Mary Axe area of the City of London this month has prevented some banks from joining the system at the beginning, while delays in installing lines to some US banks had also kept others away. Also, a dealer in one London dealing room said his bank had been unable to start trading since internal technical developments had not been completed.

Reuters said, though, that the 18 banks ready on day one represented a successful launch. "The more people who are using it, the better it will be. But we wouldn't have launched it if we didn't think there were enough banks ready," a spokesman said.

The system initially allows banks to trade three currencies against the $ – D-Marks, sterling and yen.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on April 29

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RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	67	6	5
Other Fixed Interest	6	0	11
Commercial, Industrial	431	161	867
Financial & Property	203	61	528
Oil & Gas	24	8	56
Plantations	0	1	8
Mines	16	20	111
Others	43	44	58
Totals	790	301	1,644

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. r Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1992. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Apr. 13
- Last Dealings May 1
- Last Declarations July 23
- For settlement August 3

3-month call rate indications are also shown on this page.

Calls in Albert Fisher, ASDA, Aviva Petm., Airtours, Bletchley Motors, Ferranti, Kells Minerals, Lonrho, MTM, Ocean Wilsons, Premier Cons., Ratners, Renold, Saatchi & Saatchi, 600 Group and Trafalgar House. Puts and calls in Aran Energy and Premier Cons.

LIFFE EQUITY OPTIONS

[illegible]

April 29 Total Contracts 43,468
Calls 34,066 Puts 9,402
FT-SE Index Calls 6,537 Puts 2,576
Euro FT-SE Calls 579 Puts 1,215
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	37	Ladbroke	14	Sears	9	■ OILS	
Allied-Lyons	49	Comm Union	34	Legal & Gen	22	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6½	Courtaulds	39	Lex Service	18	TI	48	BP	20
Astec (BSR)	3	Eurotunnel	29	Lloyds Bank	32	TSB	11½	Burmah Castrol	44
BAT Inds	10	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	7
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	32	Forte	21	Marks Spencer	27	T & N	11½	Premier Cons	2½
Barclays	28	GKN	30	Midland Bank	30	Unilever	70	Shell	33
Blue Circle	25	Gen Accident	38	NatWest Bank	26	Vickers	13	Tuskar Res	½
Boots	39	GEC	15	P & O Dfd	37	Wellcome	80	■ MINES	
Bowater	60	Glaxo	59	Racal Elect	5	■ PROPERTY		RTZ	47
Brit Aerospace	26	Grand Met	35	RHM	18	Brit Land	19		
British Steel	6½	GRE	12	Rank Org	55	Land Sec.	34		
Brit Telecom	24	Hanson	18	Ratners	2½	MEPC	28		
Cadburys	33	ICI	85	Reed Intl	44	Mountleigh	1½		

COMPANY NEWS: UK

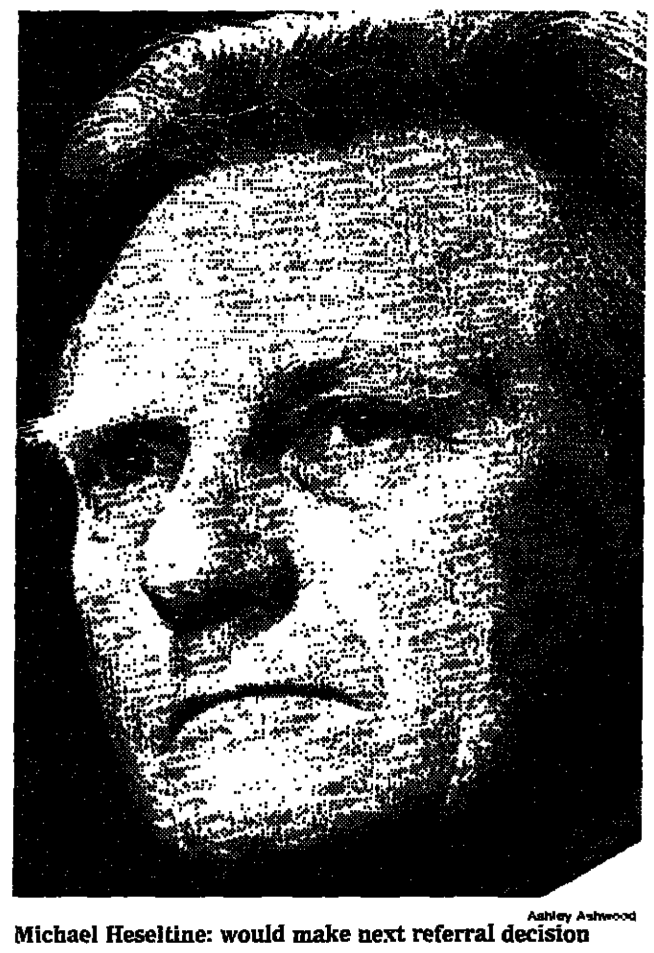
EC regulations could halt Lloyds bid

LLOYDS BANK'S attempt to buy Midland could founder in a matter of a few weeks, depending on the outcome of an arcane calculation on the magnitude of another bank's UK assets which has to be made by the European Community competition directorate, DG4, in Brussels.

Lloyds has set the pre-condition that its £3.6bn offer terms will only be available to Midland's shareholders if both its bid and Hongkong and Shanghai's rival bid for Midland are referred to the Monopolies and Mergers Commission in the UK.

In order for this to happen, DG4 has to surrender jurisdiction for judging the competition issues raised by Hongkong Bank's bid. It has to decide that the questions should be examined by the UK competition authorities, the Office of Fair Trading and the Department of Trade and Industry. Thereafter, the DTI would have to decide whether to refer the bid to the MMC.

Under the EC Merger Regulation, the relatively new legislative framework for EC competition policy, the question of whether DG4 or a member country's authority has jurisdiction is decided by a number of tests. In the case of the Hongkong Bank bid, the key condition relates to the percentage of its assets which are in the UK.



Michael Heseltine: would make next referral decision

An individual EC country's competition authority automatically has jurisdiction over companies involved in a take-over bid if more than two thirds of the companies' combined EC turnover is in that country. In the case of banks, which do not have sales or turnover in a conventional sense, the two thirds yardstick relates to assets.

The bulk of a typical bank's assets are loans. If two thirds of loans made by Midland and Hongkong Bank are to customers in the UK, then the Hongkong Bank bid would fall under OFT and DTI jurisdiction.

It is probable that more than two thirds of Midland Bank's loans are to UK customers. However, the issue in the case of Hongkong Bank is more problematic.

When it announced its Midland bid, it published a geographical analysis of assets, showing that £14.4bn were in the UK and £604m in continental Europe.

This would appear to be *prima facie* evidence that the DTI has jurisdiction over this bid. However, Hongkong Bank's asset figures are misleading.

They are believed to relate to the origin of the assets. In other words, they show that £14.4bn was lent by its UK operations. It is not the origin of the loans which matters, under the merger regulation but it is the destination which counts.

It is not clear whether that £14.4bn was lent to UK customers. There is separate controversy over the definition of a UK customer.

Much of the £14.4bn will have been lent to other banks in the London interbank market. If the funds were lent to the UK branch of a foreign bank, it is unclear in the merger regulation whether the loan counts as a UK loan or a foreign loan.

DG4 is at this moment trying to establish the destination of Hongkong Bank's assets. In the coming month it will make a decision about whether it has jurisdiction on this basis.

THE BATTLE FOR MIDLAND

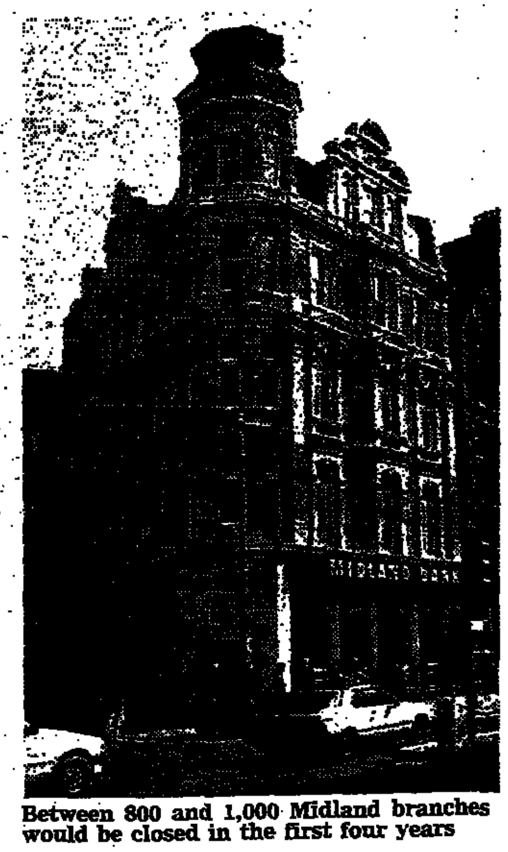
Lloyds is particularly anxious because it does not believe it has any right to scrutinise the figures supplied by Hongkong Bank to DG4.

It may have to rely on the DTI to vet the figures. DTI officials made it clear that they would take care in checking DG4's work. They dislike surrendering authority to Brussels unless they have to.

But even if, in the coming weeks, DG4 does surrender jurisdiction to London, Lloyds is by no means home and dry. It would then have to persuade Mr Michael Heseltine, the new President of the Board of Trade, that there were grounds for making a reference of the Hongkong bid to the MMC. That would probably be an even tougher challenge.

Robert Peston

Sale of many branches likely to be difficult



Between 800 and 1,000 Midland branches would be closed in the first four years

THE PROPOSED merger would result in the closure of 800 to 1,000 branches over the next four years, according to Lloyds.

Chartered surveyors believe that the clearing bank might not find it easy to shed so many branches at a time of weak demand, although the disposal programme is unlikely to make a significant impact on the market for high street property.

Well-located branches would attract good demand, said Mr Chris Peacock of Jones Lang Wootton, the chartered surveyor. "However, if the more poorly located secondary and tertiary buildings were offered, there would need to be an upturn in the market in order to implement a successful disposal programme."

In the past year, however, Midland has had no difficulties in disposing of 20 or so branches in secondary and tertiary positions in the south-east, according to its advisers. "They tend to be prominent sites in the heart of a small community," said one surveyor.

Disposing of bank branches poses particular difficulties.

They tend to be housed in substantial stone buildings with few windows – in short, the kind of buildings which need extensive conversion work to render them suitable for retailers.

The style and the position of the buildings often lend themselves to fast food outlets, pubs and restaurants, although obtaining planning permission for this change of use can sometimes be difficult.

In the past, building societies have been a strong source of demand for unwanted bank branches, although banks were sometimes unwilling to sell their leases to a direct competitor.

However, after rapid expansion during the 1980s, building societies have been retrenching. "The backlog of demand from the building societies is not there," according to Mr Richard Smith, retail director at Debenhams Tewson & Chinnocks, the property adviser.

The closures are likely to make the greatest impact in the Midlands and South Wales, areas where both banks have a large number of branches.

However, high streets in these areas have been relatively robust at a time when some parts of the country are struggling badly as a result of surplus space, increased business rates and depressed demand.

According to Hillier Parker, the chartered surveyor, retail rents fell by 2.2 per cent in Wales and by 1.1 to 2.2 per cent in the Midlands in the year to February.

The proposed bid highlights the large amount of potentially surplus property owned by banks. Lloyds maintains that the same number of branches will be closed even if the banks remain independent.

Mr Brian Pitman, its chief executive, believes that half the 20,000 bank and building society branches across the UK will close over the next decade.

Over the past three years, Lloyds has closed and merged 400 branches, reducing its total to 1,900, while Midland has closed 180 branches reducing its total to 1,680.

Banks have been acutely aware of the need to improve their property management, as their premises account for a significant proportion of their assets. At the end of 1991, the net book value of Midland's property was £1.1bn with a shortfall between the book and market value of £226m. At the end of 1990, Lloyds' premises were valued at £1.2bn.

The prospect of several thousand buildings seeking new occupants over the course of the decade raises broader issues about the state of the high street. The growth of out-of-town stores during the 1980s led to concern that high streets were being undermined.

However, these fears have tended to subside as high streets have held their own against shopping centres in a difficult letting market. "The death of the high street is greatly exaggerated," says Mr Harold Couch of Hillier Parker.

Vacancy rates in high streets are relatively low at less than 5 per cent, according to Mr Couch.

High street rents have fallen by about 4 per cent in each of the last two years.

The banks may experience greater problems in disposing of their London office properties, in a market that is suffering from severe over-supply and poor demand. Both Lloyds and Midland own 19 City properties, according to Applied Property Research, an independent research group.

"In the oversupplied central London market, a rationalisation programme involving the administrative and headquarters office buildings could prove to be problematical, at least in the short term," said Mr Peacock. "However the well located branch offices in established retail pitches will attract considerable interest."

"This will be a further test of the banks' ingenuity in coping with surplus space at a time when they have already found extreme difficulty in disposing of such buildings," said Mr Geoff Marsh of APR.

Vanessa Houlder

Both banks have their roots in Birmingham

BOTH LLOYDS and Midland have their roots firmly embedded in the industrial heritage of Birmingham and both played important roles in the industrial development of the Midlands.

Mr Carl Chinn, community historian at Birmingham University, argued that Lloyds rather than Midland had the strongest historical identity in the City: "I doubt if most people would know that the Midland started here but children are taught about the Lloyd family at school and know about the beginnings of Lloyds bank."

In 1765, Mr Sampson Lloyd, the Welsh Quaker iron-master, together with Mr John Taylor, a button-maker, founded Taylors and Lloyds bank, the forerunner of Lloyds, in Birmingham, and started a Midlands tradition of banks working closely with the early industrialists.

Mr Chinn said: "People think of Birmingham as an industrial community which it is, but the industry could not have survived without the provision of capital. Birmingham was a great banking centre and local people put up the money to make it happen."

Only later, he said, did the image of northern industrialists divorced from City bankers develop as London became established as the centre of banking. "In the early 1800s there was not the split between industry and capital that there is today," he said.

Midland was founded in 1836 by Mr Charles Geach, a former Bank of England employee who opened the first headquarters in Union Street, Birmingham. Mr Geach once rode through rioters to get help from the military when Birmingham's financial district was threatened by them.

The big difference between Midland and Lloyds was that Lloyds was for many years a family partnership whereas Midland was a company owned by shareholders from the start. Joint stock banks, as they were then called, were allowed by Parliament in 1826.

Midland still has strong ties with Birmingham where it found many of its most loyal industrial account holders. Mr Edwin Green, the Midland Bank archivist said: "It is remarkable that two of the largest clearing banks originated in Birmingham. There was a close relationship and it continued in our case. Our customers were often our shareholders as well and it meant there was a long loyalty from the 1830s onwards."

Though Birmingham retains its importance to the Midland, Sheffield is now its most important administrative centre. Since moving many of its head office functions to Sheffield about 20 years ago the bank has been one of the city's biggest private employers.

Some 2,000 staff work at Griffin House, Sheffield, which houses the bank's marketing operations, information technology, mortgage processing, financial services and a number of international operations.

Many of the Sheffield staff are now uncertain about their futures after Lloyds' stated commitment to streamline administrative operations if it is successful in its takeover plans. A large proportion of staff have cheap mortgages which would be increased to normal interest rates if they were to be made redundant.

Richard Donkin

Banks' German subsidiaries face an uncertain future if the merger goes through

IT IS easy to forget that two of Germany's leading investment banks are owned by Lloyds Bank and Midland Bank, so discreetly is the arms length relationship conducted on both sides.

Midland owns 80 per cent of Trinkaus & Burkhardt, the Düsseldorf bank which specialises in innovative securities dealing, while Lloyds has more than 75 per cent of Frankfurt-based Schroder Münchmeyer Hengst which concentrates on institutional stockbroking and fund management.

What will happen to them if a merger between the UK banks goes through?

At this stage, the future of the German banks must have a low priority for their parents.

First of all, the legal complexities of any merger would have to be negotiated. Then, the initial concentration if a deal took place would be on sorting out the British operations.

Both Trinkaus and SMH are profitable and have high reputations, so no immediate action would be necessary in Germany.

Clearly, however, a merged UK bank would have to consider whether it needed two private German banks, however successful.

This raises the question of sale or merger. Trinkaus is a quoted company, so its sale would conceivably be easier. There have been market rumours in the past that Midland might be forced to sell the bank, but it has asserted that it intends to keep Trinkaus. Lloyds, for its part, has sold off some of its smaller foreign operations, but has hung on to SMH.

Alternatively, the German banks could merge, especially since their operations complement each other rather than overlap. This then raises the question of style and personal chemistry and again is something Lloyds and Midland would certainly not address at the start of any merger.

At present, the German banks are clearly happy with the policy of non-interference followed by their UK owners. "We do not have griffins (the Midland emblem) stamped all over us", said Mr Herbert Jacobi, Trinkaus's senior partner.

Before Midland came on the scene in 1980, Trinkaus was owned by Citibank of the US, which had tended to neglect securities dealing in favour of commercial business. Since then, it has developed its strength as an innovator on the capital markets and is also active in commercial banking and asset management.

Lloyds rescued SMH after it nearly collapsed in the early 1980s over a lending scandal. Three years ago, it sold about 5 per cent of its holding to the German bank's partners and management to help it cultivate its identity as a specifically German private bank.

A month ago, SMH, which concentrates on institutional stockbroking and fund management, announced its first capital-raising exercise in eight years with a planned rise in equity capital of DM40m to DM180m (£61.2m).

Andrew Fisher

Reorganisation costs help push Wharfedale to losses of £1.3m

By Michiyo Nakamoto

WHARFEDALE, the loudspeaker manufacturer, fell into losses in the six months to December 31.

The Leeds-based company, which is being reorganised under a new chairman and chief executive, reported a pre-tax deficit of £1.34m compared with a profit of £106,000 last time.

The outcome was struck after an exceptional charge of £443,000 covering reorganisation and other costs. There was also an extraordinary charge of £366,000 relating to the write-off of its investment earlier this year in Finewood, a loudspeaker cabinet maker, and the closure of its Germany subsidiary.

Turnover for the period fell to £4.75m from £6.72m as the company faced difficult markets in the UK, where it has 40 per cent of turnover, and Europe.

Losses per share were 6p compared with earnings 0.2p and there is again no dividend. The last distribution to shareholders was in 1988.

Mr Pieter Totté, who took over as chief executive in January, said that the reorganisation programme was going according to plan, operational performance had improved and that the company was on the way to recovery.

Wharfedale was also preparing to make a sizeable acquisition in the hi-fi industry in the next three months, he added.

The main priorities of the reorganisation were to concentrate on the core businesses, cut costs and reduce gearing.

The company has already reduced the workforce by 30 per cent and cut £880,000 off costs.

Wharfedale would not indicate what its borrowings were but said it hoped to reduce gearing by bringing debtors and stock levels down.

Mr Totté indicated that the company was now ready to make acquisitions in order to attain the critical mass necessary to fund R&D expenditure.

Even excluding the large Japanese manufacturers, there are about 20 smaller players in the UK with turnover of between £5m and £15m.

"We want to take the fragmentation out of this market by assuming critical mass of about £40m in turnover," he said.

Yorkshire Electric invests in new-tech phone service

By Hugo Dixon

YORKSHIRE Electric, the privatised regional electricity group, is one of several new investors in Ionica, a private company planning a new national telephone service.

Ionica aims to provide a service by putting telephone aerials on roofs and linking them to the exchange by radio. It hopes to undercut the traditional wire-line service provided by BT, the UK's largest telecommunications group.

Mr Nigel Playford, Ionica's managing director, said the equity supplied by new investors was a "significant" step in the company's establishment, but refused to say how much had been raised.

Yorkshire was similarly circumspect, saying simply that it had taken a "modest" stake.

Other investors include Ivory & Sime and Robert Fleming Investment Trust, the financial institutions, and investors introduced by Fox-Pitt, Kelton, the Anglo-American banking specialists.

Mr Playford said Yorkshire Electric would co-operate in setting up Ionica's service as well as providing funds.

Mr Playford said he expected to announce a second "industrial" partner in about two months, and that there would be further rounds of financing. Ionica has also been talking to Mercury Communications, BT's main rival, about linking up with Mercury's long-distance network.

Ionica has already received telecommunications and radio licences from the government.

Sotheby's incurs $5m deficit

Sotheby's Holdings, the auction house which is controlled by the Detroit-based Taubman family but still quoted in London and New York, made a $5.2m (£2.93m) loss in the first quarter of 1992.

Auction sales in the first three months of 1992 were $141.4m, slightly higher than the $123.4m seen in the previous year.

The company claimed that the increase was "consistent with an improving art market", and that pre-tax earnings were up by over 35 per cent.

Ingham in £3m cash call

INGHAM, the wool textile spinner, announced a reduction, from £223,000 to £162,000, in pre-tax losses for 1991 on turnover down from £5.11m to £4.63m.

Losses per share amounted to 4.7p against 6.1p, but the final dividend of 2p maintains the total at 3p.

Accompanying the announcement were details of the acquisition of Eborgate for £949,000, which will be satisfied by the issue of up to 596,947 new shares of 95p each. Further consideration may be payable.

Ingham is to raise about £2.8m net via a 1-for-1 rights issue, also at 95p a share.

Proceeds of the issue, fully underwritten by Singer & Friedlander, will be used to strengthen the balance sheet and to provide funds for further acquisitions.

Ingham has forecast total dividends of 4.75p on the enlarged capital.

Mr Nicholas McMahon Turner, appointed chief executive in February, is also chief executive of and a substantial shareholder in Eborgate.

Together with members of his family he holds 43 per cent of Eborgate's ordinary shares.

A Quantum leap by CMB with a ring-pull fluted can

By John Thornhill

THE DAYS of the can opener may be numbered.

CMB, the Franco-British packaging group which makes about half of the 6bn food cans manufactured in the UK each year, is launching a new product with a radically different fluted body and a ring-pull end.

It claims this is the most significant development in can technology since the invention of the two-piece can some 20 years ago.

Mr Francisco Serrano, the marketing manager responsible for launching the can, said CMB was close to finalising a deal with a big consumer products company and expected it to appear on supermarket shelves by the late summer.

The Quantum can, as it is known, has a vertically-fluted shell which gives it a distinctive appearance and greater strength enabling the use of thinner steel.

The new can's wall is 0.17mm thick compared with the 0.21mm in existing straight-walled cans.

The can is likely, however, to cost more than the conventional product because of the ring-pull end which tears away completely. The company believes the extra cost means it will initially be used only for premium products.

But the smooth texture of the can allows direct printing onto the metal, dispensing with the need for a wrap-around printed label.

Steel cans were first produced 180 years ago to preserve food for military forces. In those days cans were manufactured at the rate of six an hour. Modern production lines turn them out at a rate of 500 to 1,000 a minute.

CMB says its new product can be used on existing filling lines with only minor modifications. Its launch follows a three-year development programme at CMB Foodcan's research facility at Wantage, Oxfordshire.

In market research studies, CMB found the can was preferred by more than 80 per cent of shoppers. But whether consumers with arthritis will be so appreciative of the "easy-to-open" ring-pulls remains a matter of doubt.

Greycoat loan lifts shares 13%

By Richard Waters

THE SHARE price of Greycoat, the UK property group, leapt 13 per cent yesterday as it was confirmed that the £126m refinancing of Embankment Place, the group's 345,000 sq ft property in London, had finally been completed.

Greycoat had attempted to refinance the development, which was started five years ago, at the beginning of this year.

However, its attempts to interest investors in a deep-discounted bond issue at that time were unsuccessful.

The company announced yesterday that it had now completed a £125.8m, seven-year syndicated loan involving a total of nine banks.

The deal, which gives the company an option to extend the loan to 10 years in all, should carry the group over until London property prices are next on a rising trend, maintained Mr Richard Guignard, managing director of finance.

Greycoat has swapped the floating rate money provided by the banks into fixed-rate finance, at a rate of 11.2 per cent.

That implies a margin of about 1.5 per cent over the banks' cost of funds – about double the margin paid by Greycoat on the initial financing for the development, and a reflection of the bank's lack of appetite for greater exposure to the UK property sector.

Mr Guignard said that the loan had been completed without Greycoat being forced to accept more onerous covenants than had existed on the previous financing, an important consideration for the equity market, which has taken fright at property companies.

Greycoat's shares gained 7p to 61p yesterday, having risen from a floor of 33p as recently as April 13.

"The market was concerned about our ability to refinance and retain these major buildings," said Mr Guignard. The company has no other sizeable refinancings to complete until 1995, when a £50m zero coupon bond issue matures, he said.

MFI summer reflotation details expected today

By Maggie Urry

MFI is expected to announce today that it is going ahead with its reflotation this summer.

The kitchen and bedroom furniture retailer's shareholders met yesterday to discuss proposals for the float.

The group, which was the subject of a £718m management buy-out from Asda, the supermarket group, in 1987, has fought off recession and a £500m debt burden to return to the stock market.

Analysts are forecasting that it will make trading profits of £65m to £70m for the year which ends this month. MFI reported a rise in trading profits to £25m (£20.6m) at the interim stage.

It said that January sales were buoyant and trading was strong.

On that basis the group could be valued at more than £750m in the flotation.

The issue will raise cash to pay off most of the debt as well as providing some return for existing shareholders.

Asda retains a 25 per cent stake in MFI, which it carries at nil in its books, and has some convertible loan stock, acquired when MFI had a refinancing in 1989, which it wrote down to £2m in its balance sheet.

MFI appointed advisers for the float in February. County NatWest is the merchant bank, and Smith New Court Corporate Finance and Rowe & Pitman are the brokers.

Travis Perkins declines to £14m

By Andrew Taylor, Construction Correspondent


Tony Travis: expects this year to be just as difficult

INCREASED property sales failed to prevent pre-tax profits falling by almost a third from £20.4m to £14m in 1991 at Travis Perkins, the UK's fifth largest builders merchants.

The group, which derives 70 per cent of sales from house construction, repair, maintenance and improvements, blamed the decline on the deep recession in residential and commercial property markets.

Mr Tony Travis, chairman, warned that this year was likely to be just as difficult. He said: "We have not seen any improvement in output and we are continuing to make every effort to reduce our cost base."

Sales by volume during the first three months of this year had fallen by nearly 2 per cent over a very depressed first quarter last year. Net margins had fallen by about 1 per cent during the first three months.

Group sales for 1991 fell by 11 per cent from £346m to £310m. Mr Travis said that the fall in pre-tax profits would have been even greater but for a 70 per cent increase in profits from property sales from £3.4m to £5.8m.

Earnings fell to 10.8p (13.8p) just covering a maintained dividend of 8p after a same again final dividend of 5.5p.

The number of workers employed by the company was reduced last year by 13 per cent to 3,429 as the company moved to reduce costs in the face of declining sales.

Mr Travis said that bad debts had increased as result of the recession to 1.4 per cent (about £3.5m) of credit sales. This was about three times higher than the group would expect in a normal market.

● **COMMENT**

Travis Perkins can find no evidence of a recovery in Britain's depressed construction sector. Sales and margins remain under pressure despite reports that UK house sales may be starting to pick up after the election. According to Mr Travis it can take up to six months for an improvement in the housing market to work through to increased sales at builders merchants. It will be sometime after that before prices recover. It therefore looks like being another tough year for the company along with other British building material producers and suppliers. Travis, in its favour, has a strong balance sheet, with net debt currently under 5 per cent of shareholders' funds. Pre-tax profits this year, assuming lower property sales, could be around £14m which would put the group on prospective p/e of more than 20. Too expensive to merit a buy but worth holding for its strong defensive qualities.

MCC liabilities exceeded assets by £763m

By Bronwen Maddox

MAXWELL Communication Corporation's liabilities exceeded its assets by £763.5m at the end of last year, according to a letter sent yesterday to MCC's creditors by Price Waterhouse.

The accountants, who are joint administrators of MCC under UK insolvency law following the collapse of the business empire of the late Mr Robert Maxwell, will meet creditors on May 14 to discuss plans for selling the businesses.

The letter's Statement of Affairs, drawn up by some of MCC's directors and sworn by Mr Basil Brookes, finance director, says that at December 20 MCC had liabilities of £1.49bn but assets of only £724.9m.

Liabilities included unsecured borrowings of £1.28bn and foreign exchange and swaps contracts of £59.7m.

They also included a £52m liability for the deficit on the pension fund which was plundered by Mr Maxwell, together with the pension funds of his other companies, in an attempt to prop up his tottering private companies. However, the administrators have received legal advice that "MCC has no liability in this respect".

The biggest part of the asset figure – £673.5m – is the estimated sale value of MCC's subsidiaries. However, the letter emphasises that the administrators have not yet decided whether to sell the US publishing businesses, the largest of the subsidiaries, in one piece or broken up.

Price Waterhouse will now ask other directors for their sworn statements of concurrence with these figures, and confirmed last night that this will include Mr Kevin Maxwell, the late publisher's youngest son, formerly MCC's chief executive.

Bibby's bid for Spanish monopoly disallowed

By Peter Bruce in Madrid

THE SPANISH stock market commission yesterday disallowed a $133m (£75.1m) bid by J Bibby for control of Finanzauto, the country's monopoly Caterpillar distributor. The bid will have to be resubmitted in mid-May.

The commission said Bibby, the industrial and agricultural conglomerate which is 79 per cent owned by the South African Barlow Rand group, had not presented proof that its shareholders supported the bid. The UK group will have to call a shareholders' meeting to confirm their support. Bibby's advisers, Baring Brothers, said yesterday that the meeting would take place on May 14.

Meanwhile, the commission said trading in Finanzauto, which has rejected the Pta 1,300 (705p) a share offer as too low, would resume on May 4. It seems likely that the share price will rise sharply from the Pta 1,075 at which it was suspended last week.

Before the market watchdog stopped the bid, analysts in Madrid had almost unanimously welcomed it.

Capita Group acquires ED&M

Capita Group, the UK's largest provider of management services to the public sector, has acquired Estate Design & Management for an initial £1m in shares and cash and a deferred profit-related payment of up to £4m.

Policing problems ahead over quality of the distilled essence

The operating and financial review for company accounts should be popular, writes **Andrew Jack**

THE WIDESPREAD welcome for the operating and financial review proposed yesterday by the Accounting Standards Board is likely to be matched only by the problems of effective enforcement.

The review is designed to extract and boil down the details of accounts and present them in a way that is easy to understand.

Indeed, for lay readers, it may well replace the accounts themselves as the main point of reference.

It will appeal to many preparers of accounts for at least two reasons.

First, while it places great emphasis on presenting a balanced, detailed commentary on a company, it is deliberately vague in specifying exactly what information will be required.

Second, it is not legally enforceable. Mr David Tweedie, chairman of the ASB, says the board would have preferred the review to be an accounting standard which could be policed by its financial reporting review panel. But because it is not part of the accounts and goes far beyond existing accounting practice, it has had to settle for a voluntary statement instead.

Both points place the review in stark contrast to its equivalents in the US and Canada, where the so-called "management discussion and analysis" is a mandatory part of the annual report, and has been criticised for being brief and uninformative as a result.

Mr Nigel Stapleton, chairman of the technical committee of the Hundred Group of leading companies' finance directors, says: "We are certainly more positive than negative about the review. We want something that is interesting, readable and relevant, not turbid, mechanistic and useless."

The board is relying on the power of moral suasion to put the review into practice. It hopes that bodies such as the Stock Exchange, the Confederation of British Industry and the Hundred Group will apply pressure on individual companies to embrace both the principle and the spirit of the guidelines.

If it is widely adopted and consistently applied, it may, at some time in the future, fall within the realms of normal accounting practice, when it could be legally enforced.

In the meantime, it could lobby for two possibilities. The Stock Exchange could insist on adoption of the review from quoted companies – in the same way that management discussion and analysis is required by the US Securities and Exchange Commission.

Alternatively, auditors could be required to verify the review, to ensure that it is accurate. If it contained a sentence saying that the text had been produced in line with the guidelines, auditors might be obliged to comment publicly if they disagreed or felt that it did not fairly reflect their own understanding of the company.

Failing that, the board must rely on a more gradual, voluntary adoption of the review, coupled with criticism from investors, analysts, journalists and other users of accounts to bring the laggards more in line with its principles.

The board has been cautious to build early support for the review, by showing early drafts to outside organisations, including the Hundred Group, before issuing the discussion document for wider consultation yesterday.

The stamp of these preliminary talks with industry may explain much of the thrust of the document: it places more emphasis on companies looking backwards to the last year, rather than forwards to its survival.

It also leaves companies wide leeway to explain what they consider are the most important factors influencing their development, rather than any mandatory requirements of factors to be listed.

The scope of the review is still ambitious, however. A handful of companies – such as Cadbury Schweppes, BOC and Shell – already exhibit some of the points the review is trying to achieve. But even these statements have limitations, while the vast majority of reports fall far short of what will be required.

Only later in the autumn, when the formally worded exposure draft appears, will users be able to judge how strict the final requirements of the statement are likely to be.

BSkyB near liquidation last year

By Raymond Snoddy

BRITISH Sky Broadcasting, the satellite television venture, came close to liquidation last year, it was revealed yesterday.

Mr Frank Barlow, chairman of the consortium, said the trouble came less than five months after the merger of British Satellite Broadcasting and Sky Television when Barclays Bank turned down an application for a £200m project loan.

Mr Barlow is also group managing director of Pearson, which owns the Financial Times and has a significant stake in BSkyB.

"Technically we (BSkyB) were insolvent. If we went on trading without further financing we would have been trading while insolvent and I could have gone to jail," Mr Barlow said yesterday at a London lunch.

Mr Barlow immediately flew to Tucson, Arizona where Mr Rupert Murdoch, chief executive of The News Corporation was staying at a health farm. News Corp has a 50 per cent stake in BSkyB.

Mr Barlow said that over dinner he explained that unless Mr Murdoch could invest £100m he would seek the protection of the courts and that would have led to liquidation with vast debts.

"Rupert was very sympathetic, although obviously he thought I was trying to pull some plot to reduce his stake." The £200m was raised with Mr Murdoch putting up part of his £100m in value.

Mr Barlow forecast that by middle 1993 the venture would make profits after financing charges.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Bank of Scotland ......fin	2.65	July 16	2.36*	4.35†	4.06*
Brixton Estate ......fin	5.2	July 11	4.55	8.1	7.1
Brown (N) ......fin	4.25†	July 31	4	6	5.65
Hopkinsons ......fin	2.5	-	2.5	3.7	3.7
Ingham ......fin	2	May 21	2	3	3
Majedie Invs ......int	2.5	July 3	2.5	-	9
Scottish Cities ......int	0.9	May 29	0.9	-	2.9
Shiloh ......fin	1.875	June 18	1.75	2.75	2.625
Travis Perkins ......fin	5.5	July 1	5.5	8	8

Dividends shown pence per share net except where otherwise stated.
†On increased capital.

Sedgwick joint venture with Czech insurer

Sedgwick Group, the UK insurance broker, has formed a joint venture with Ceska Pojistovna, the Czech insurer and reinsurer whose privatisation will be completed next week.

Ceska Sedgwick Risk Services will sell risk management and broking services to domestic Czech businesses and companies seeking to invest in Czechoslovakia.

COMPANY NEWS: UK

N Brown advances 12% to £15.7m

By John Thornhill

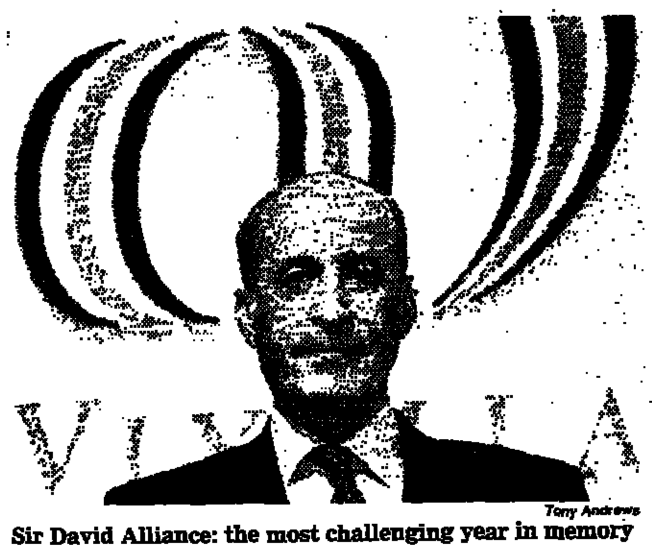
N BROWN, the Manchester-based mail order group which specialises in womenswear, lifted annual pre-tax profits by 12 per cent as it began to benefit from a £20m investment in central warehousing.

However, Sir David Alliance, chairman, said the past year had been the most challenging he could remember during his business career. Although cautious about prospects for the current year, he said sales were running ahead of the previous 12 months.

In the year to February 29, pre-tax profits rose from £14m to £15.7m, struck after an exceptional charge of £939,000 relating to the closure of old warehouse sites and retraining of staff. Sales increased by 9 per cent to £152.6m (£140.2m).

The three catalogues launched last year contributed £5m to turnover. A further £3.3m in sales was added through the creation of Langley House, which sells speciality products through newspaper advertisements.

Odhams, the video and CD mail order group bought from the receivers, contributed £1.2m to sales in the three months it was included. Directors said they were aiming to make similar in-fill acquisitions as opportunities arose.



Tony Andrews

Sir David Alliance: the most challenging year in memory

The operating margin fell from 14.9 per cent to 14.4 per cent as the company absorbed higher marketing costs but is expected to firm again with the improved efficiencies from the new warehouse.

Dunlop Heywood, the poorly-performing consultant property surveyors, opened an additional office during the year and helped improve the profit contribution from the financial and property services division from £100,000 to £400,000.

Following the inflow of £16.5m cash from last May's rights issue, interest charges were reduced from £5.65m to £4.05m. Brown's shareholding in Coats Viyella earned £166,000 (£205,000).

Earnings fell from 15.67p to 15.1p as the dilutive effects of a one-off issue of shares to an Employee Share-Ownership Trust (Esot) took their toll.

A recommended final dividend of 4.25p brings the total to 6p (5.65p).

● COMMENT

A pygmy in a world of mail order giants, N Brown is able to eke out a profitable existence by providing niche catalogues to narrow groups of shoppers. This is a hard task to get right but the company appears to have developed the concept to a fine art. Although it only accounts for 4 per cent of the total home shopping market it commands an impressive 21 per cent of the direct order sector and can now expect to benefit from further operational efficiencies from substantial investments in distribution and information systems. Pre-tax profits are expected to rise to about £19m this year putting the company on a prospective multiple of 16. Some analysts used the strength of this performance to return the company to their buy lists. That suggests the shares may be in for a bit of a run and are certainly worth tucking away when opportunities arise.

Brixton Estate ahead to £27.4m

RECESSION in its sector notwithstanding, Brixton Estate achieved a 16 per cent improvement in pre-tax profits to £27.4m in the year to December 31.

The final dividend is lifted to a proposed 5.2p (4.55p) for a total of 8.1p (7.1p), a rise of 14 per cent.

The pre-tax result, up from £23.6m, was struck after higher administration costs of £2.92m (£2.73m) and an advance in interest payable on developed properties of £20.8m (£17.5m). Net rental income increased to £50.7m (£43.3m).

At the year-end investment properties totalled £724m (£702m) and net assets were £373m, giving net asset value of 226p, down 8.1 per cent from the 1990 year-end. By December 31 1991, gearing had grown from 66 per cent to almost 87 per cent.

Retained profits for the year came to £7.46m (£6.07m) and earnings worked through at 12.64p (10.79p) per share.

RMP RAND MINES PROPERTIES LIMITED

RAND MINES

(Incorporated in the Republic of South Africa)
Registration number 68/01239/06

Interim report and dividend announcement for the six months ended 31 March 1992

CONSOLIDATED INCOME STATEMENT

	Six months ended 31 March 1992 R000 Unaudited	Six months ended 31 March 1991 R000 Unaudited	Change %	Year ended 30 Sept. 1991 R000 Audited
Turnover	94 707	94 929		180 603
Operating profit:				
– Property	14 628	9 599	+ 52	16 632
– Gold recovery	(4 275)	923		3 283
	10 353	10 522	– 2	19 915
Interest – net received	3 431	6 350	– 46	11 342
Profit before taxation	13 784	16 872	– 18	31 257
Taxation	6 197	7 425	– 17	12 432
Profit after taxation	7 587	9 447	– 20	18 825
Attributable to outside shareholder in subsidiary	549	7		63
Attributable to shareholders in Rand Mines Properties *Limited*	*7 038*	*9 440*	– 25	*18 762*
Shares in issue (000's)	12 403	12 403		12 403
Earnings per share (cents)	57	76	– 25	151
Dividends per share (cents)	30	40		120
Dividend cover	1.9	1.9		1.3
Extraordinary charge attributable to shareholders not included above	34 658	–	–	–

The poor gold price in recent years has impacted adversely on the profitability of the company's gold recovery operations. Certain sand dumps and slimes dams have become marginal to treat while others are unlikely to be treated in the foreseeable future.

In establishing the viability of the sand dump and slimes dam reserves regard has been given to the value of the underlying land for township development. The gold recovery operations now focus on the processing of these economically viable reserves and the release of land. Those reserves which do not fall into this category have at present been abandoned for processing purpose and will be reviewed on an ongoing basis.

As a result of the above the book value of the gold recovery plants at Crown Mines and City Deep has been written down by R53.3 million with effect from 1 October 1991. After the deduction of the relevant proportion of deferred taxation amounting to R18.6 million the net reduction of R34.7 million is reflected as an extraordinary charge as above.

CONSOLIDATED BALANCE SHEET

	31 March 1992 R000 Unaudited	30 Sept. 1991 R000 Audited
Source of capital		
Share capital and reserves	118 500	149 841
Interest of outside shareholder in subsidiary	1 532	983
Total shareholders' interest	120 032	150 824
Long-term loans	4 568	5 979
Deferred taxation	10 005	29 047
	134 605	185 850
Employment of capital		
Fixed assets	91 163	145 561
Property development, townships and mine residues	28 859	30 581
Investments	180	765
Current assets	50 778	67 426
Stocks and stores	4 300	4 820
Debtors	27 384	9 480
Cash and gold on consignment	19 094	53 126
Total assets	170 980	244 333
Current and deferred liabilities	36 375	58 483
Current liabilities	27 469	32 390
Deferred liabilities and provisions	5 018	3 584
Shareholders for dividends	3 888	22 509
	134 605	185 850

Salient features

	31 March 1992	30 Sept. 1991
Net asset value per share (cents)	955	1 208
Liabilities to equity ratio	0.34	0.43
Current ratio	1.62	1.23

NOTES:

1. Review of results

1.1 Property operations

During the period under review several large transactions were secured. Gross profit from township land sales for the six months ended 31 March 1992 totalled R19.4 million (31 March 1991: R15.4 million) and resulted in the property division achieving a significant increase in operating profit.

1.2 Gold recovery operations

During the six months ended 31 March 1992, gold recovery at the Crown Mines plant was materially affected by a contamination of the extraction process by relatively high grade material from the valley silts upon which favourable projections had been based.

Production is being maintained by material from other relatively low grade sources while metallurgical research is in progress in an effort to solve the problem.

Operations at Pilgrim's Rest were satisfactory due to the higher grade of material treated.

1.3 Operating results – gold recovery plants

	Crown and City plants: Six months ended 31 March 1992	Six months ended 31 March 1991	Year ended 30 Sept 1991	Pilgrim's Rest plant: Six months ended 31 March 1992	Six months ended 31 March 1991	Year ended 30 Sept 1991
Sand and slime treated (000 tons)	3 946	3 933	8 062	159	147	307
Gold produced (kilograms)	1 765	1 858	3 766	235	194	399
Yield (grams per ton)	0.45	0.47	0.47	1.48	1.33	1.30
Revenue (rand per ton treated)	15.03	15 67	15.65	49.28	42.94	42.91
Cost (rand per ton treated)	15.16	14.30	14 17	32.36	34.29	34.36
Working profit/(loss) (rand per ton treated)	(0.13)	1.37	1.48	16.92	8.65	8.55
Gold price received (rand per kilogram)	33 518	33 166	33 502	33 365	32 469	33 018
	R000	R000	R000	R000	R000	R000
Revenue	59 291	61 622	126 167	7 836	6 312	13 174
Costs	59 814	56 276	114 263	5 145	5 040	10 548
Working profit/(loss)	(523)	5 346	11 904	2 691	1 272	2 626
Amortisation	4 917	4 584	8 973	1 526	1 111	2 274
Operating profit/(loss)	(5 440)	762	2 931	1 165	161	352

2. Gold hedging

The proceeds from hedging transactions completed during the half year form part of the revenue derived from the sale of gold. At 31 March 1992, the company had sold gold in terms of its hedging operations as detailed below:

Gold recovery plants	Period	Kilograms of gold sold	Average minimum realisable value per kilogram sold
Crown and City	April 1992 – Sept. 1992	605	R35 828
Pilgrim's Rest	April 1992 – Sept. 1992	70	R36 538

3. Prospects for the year

It is not expected that the level of land sales achieved during the six months to March 1992 will be maintained during the second half of the financial year due to al lower level of serious enquiries being received.

While further attention is being given to reduce costs, little improvement can be expected in the results of the gold recovery division unless there is a meaningful and sustained increase in the gold price in rand terms.

The Group's profit for the year ending 30 September 1992 will therefore be substantially lower than that achieved for 1991 and the total dividend payable will be less than that of 1991.

4. Capital expenditure and commitments

	31 March 1992 R000	30 Sept. 1991 R000
Capital expenditure incurred:		
– Crown and City plants	2 121	7 526
– Pilgrim's Rest plant	251	567
– Other assets	3 355	11 354
	5 727	19 447
Capital commitments:		
– Contracted commitments	4 945	7 759
– Approved, not contracted	1 205	361
	6 150	8 120

5. Interim dividend

An interim dividend of 30 cents (1991: 40 cents) per share has been declared in terms of the accompanying dividend notice.

Johannesburg
29 April 1992

For and on behalf of the board
J. C. HALL
C. G. STEYN — Directors

Declaration of Dividend No. 33

The directors have declared dividend No. 33 as an interim dividend in respect of the year ending 30 September 1992 as follows:

Amount (South African currency)	30 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	15 May 1992
Register of members closed from / to (inclusive)	16 May 1992 / 22 May 1992
Shares trade ex-dividend in Johannesburg and London stock exchanges	18 May 1992
Currency conversion date for sterling payments to shareholders paid from London	18 May 1992
Dividend warrants posted on or about	18 June 1992
Payment date of dividend	19 June 1992
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividend may be inspected at or obtained from the offices of the transfer secretaries in Johannesburg or the offices of the United Kingdom registrars and paying agents in Beckenham, Kent.

Johannesburg
29 April 1992

By order of the board
Rand Mines (Mining & Services) Limited
Secretaries
per J. W. GOATCHER

Registered office
15th Floor, The Corner House
63 Fox Street
Johannesburg 2001
(P.O. Box 62370, Marshalltown 2107)
Republic of South Africa

Transfer secretaries
Rand Registrars Limited
Corner Northern Parkway and
Handel Road Ormonde,
Johannesburg, 2091
(P.O. Box 32549, Southdale 2135)
Republic of South Africa

United Kingdom secretaries
Viaduct Corporate Services Limited
40 Holborn Viaduct,
London EC1P 1AJ

United Kingdom registrars and paying agents
Barclays Registrars
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU

Pentland to source for LA Gear in Far East

By Angus Foster

PENTLAND Group, the sporting goods distributor, has been appointed sourcing agent in the Far East for LA Gear, the US sports shoe and clothing maker.

Pentland, best known for its investment in Reebok, which it sold last year, has also paid $14m (£7.9m) for a 6 per cent stake in LA Gear, the former glamour stock now under new management following losses.

Pentland will source LA Gear mainly from Korea, Taiwan and China.

The agreement lasts until December 1995 and will then continue on a six month rolling extension basis. Previously, the US company sourced its own products.

Mr Frank Farrant, finance director, said he expected Pentland to source more than $300m of business each year for LA Gear. This will partly replace about $800m of business lost when Reebok stopped using Pentland as sourcing agent last December.

"We have been looking for replacements for Reebok, and this is a significant step," he said.

Pentland raised about £389m from the sale of its 32 per cent stake in Reebok.

It has used the cash to buy Pony shoes, a 20 per cent stake in Adidas and the worldwide rights to Speedo, the swimwear brand. The company now holds net cash of about £265m.

The LA Gear stake was bought at $11.25 per share, equal to Monday's closing price. Pentland also has a three-year option to increase the holding to 7.75 per cent but has agreed not to lift its stake beyond 9.9 per cent.

Earlier this month LA Gear reported a first quarter net loss of $8.2m, compared with a $12.5m loss a year earlier.

The company is being reshaped after Trefoil Capital Investors, a fund led by Mr Roy Disney, vice chairman of the entertainment empire, took a 30 per cent holding for £100m.

Mr Farrant said Pentland's stake was opportunistic, as it believed LA Gear had "bottomed out".

Pentland's shares gained 3p to 112p.

Property write-down cuts Hopkinsons to £5.16m

PRE-TAX profit declined 23 per cent at Hopkinsons Group in the year to January 31.

After an exceptional item of £900,000 relating to write-down on investment property the pre-tax figure came out at £5.16m (£6.72m).

Sales at the industrial valve and hydraulic equipment maker rose 24 per cent from £47.8m to £59.4m, including £22m from the Carbo industrial abrasives business acquired in October for about £31m.

The final dividend is maintained at 2.5p, for an unchanged total of 3.7p on earnings of 4.57p (8.01p).

Mr Tom Weatherby, in his first report as chairman, said shareholders' funds rose during the year to £30.3m, after writing off goodwill of £9.2m on the acquisition. Net borrowings stood at £9.2m.

Lower orders, mainly on exports, together with the disruption of the reorganisation, had affected performance at Bryan Donkin, Mr Weatherby said. Turnover in the drinks dispenser business fell significantly and the continued improved profits at England-Worthside offset a disappointing performance at Thermal Refrigeration. The abrasives business continued to be affected by the recession. Action had been taken to cut costs.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Chemex Intl, Kwik Save, McCarthy & Stone, Thai Development Capital Fund, Tronoh Mines Malaysia.

Finals- Asda Property, Bletchley Motor, Brown & Jackson, CI, Le Creuset, McLaughlin & Harvey, Scottish Mortgage & Trust.

FUTURE DATES

Interims-	
Dunedin Worldwide Inv	May 20
Morland	May 6
Tomkinsons	May 14
Finals-	
BMSS	May 7
Burtonwood Brewery	July 9
Cook (William)	May 21
Elswick	May 11
Hi-Tec Sports	May 7
Parkland Textile	May 11
Warner Howard	May 14

Austmin launches rescue plan for Europa

By Kenneth Gooding, Mining Correspondent

THE BATTLE for management control of Europa Minerals, the UK mining finance house, being waged between Sir Ron Brierley, the New Zealand entrepreneur, and Austmin Gold, an Australian exploration company, entered a new phase yesterday when Austmin gave details of its own rescue plan for Europa.

Austmin said it had prepared a fully underwritten rights issue for Europa on terms it believed would be better than those recently proposed by the Europa board.

The Australian group, which is Europa's biggest shareholder with 14.3 per cent, said institutions which together accounted for more than 40 per cent of Europa's capital had indicated they would support the proposal.

Henry Ansbacher would act as lead underwriter for a 9-for-4 rights issue at 5p a share. Mr Guido Staltari, Austmin's managing director, said this would raise £4.25m gross against the £3.4m under the board's scheme. There would also be about 20 per cent less dilution for shareholders not taking up their rights.

Also, control of Europa would remain with existing shareholders and "potential domination" by GPG and Mid-East Minerals, two companies in Sir Ron's orbit, would be avoided.

Austmin's rights issue depends on the outcome of a special meeting on May 7 when the Australian company hopes shareholders will vote to remove all four of Europa's non-executive directors and put two Austmin representatives on the board.

Austmin would retain Europa's oil and gas assets and would not dispose of the Preston colliery.

Mr Staltari pointed out Austmin would limit its shareholding to 19.9 per cent after the rights issue and was not not seeking to control the board.

Abbey Life, with 9.79 per cent of Europa, said yesterday it would support the Austmin proposals if they were put. M&G, with 10 per cent, said it was "supportive" of the Austmin proposals but was still talking to both sides and had made no final decision about its vote at the special meeting.

Standard Life, a 9 per cent holder, said it had not not made its position clear to either side.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 30.04.92: Pool purchase price £/MWh	Final Prices for Trading on 02.04.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.83	16.72	16.72
0100	16.82	16.77	16.77
0130	16.90	16.81	16.81
0200	16.95	23.65	25.22
0230	16.98	27.20	28.68
0300	16.96	27.20	28.63
0330	16.90	26.90	28.30
0400	16.89	16.91	16.91
0430	16.88	16.87	19.57
0500	16.85	16.81	16.81
0530	16.88	16.81	16.81
0600	16.89	16.82	16.82
0630	16.93	16.87	16.87
0700	17.05	18.71	19.91
0730	18.62	19.15	20.35
0800	19.69	20.90	22.16
0830	28.19	22.48	23.79
0900	28.23	22.60	23.96
0930	28.19	24.81	28.21
1000	22.84	24.84	28.22
1030	22.84	24.83	28.22
1100	22.84	25.35	28.75
1130	22.85	25.41	28.83
1200	22.87	24.13	25.53
1230	22.73	24.07	25.49
1300	22.08	23.96	25.31
1330	19.84	22.49	23.77
1400	19.81	22.00	23.25
1430	19.80	21.00	22.22
1500	19.80	21.00	22.22
1530	19.81	21.00	22.22
1600	19.82	23.72	25.00
1630	19.84	23.75	25.02
1700	21.92	23.76	25.04
1730	21.91	23.75	25.02
1800	21.88	23.72	25.01
1830	18.78	20.84	22.06
1900	18.76	20.80	22.02
1930	18.76	16.95	16.98
2000	17.05	22.00	22.00
2030	17.06	23.69	24.97
2100	18.76	23.69	24.97
2130	18.78	22.00	23.26
2200	18.76	19.75	20.98
2230	18.51	18.71	19.89
2300	17.05	18.71	19.89
2330	17.02	16.87	16.87
2400	16.85	16.78	16.78

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ALCAN ALUMINIUM LIMITED

(formerly Aluminum Company of Canada, Limited)

NOTICE OF REDEMPTION

to the holders of Alcan Aluminium Limited 11¼% Debentures due 1995

NOTICE IS HEREBY GIVEN, pursuant to the terms of the Indenture dated as of June 27, 1985 between Alcan Aluminium Limited (formerly known as Aluminum Company of Canada, Limited) (The "Corporation") and The Royal Trust Company (the "Trustee") that the Corporation will on June 27, 1992 (the "Redemption Date") redeem all of its presently outstanding 11¼% Debentures due 1995 (the "Debentures") by payment in lawful money of the United States of America to the holders thereof of the redemption price stipulated in the conditions attaching thereto, namely 101% of the principal amount thereof plus accrued and unpaid interest to but not including the Redemption Date. Payment of the redemption price will be made to the holders of the Debentures against surrender of the Debentures at the office of the Principal Paying Agent or of any of the Paying Agents listed below, together with the interest coupons, if any, pertaining thereto maturing after the Redemption Date. The face value of any missing unmatured coupons will be deducted from the payment.

The funds required for the payment of the redemption price will be deposited on or before June 27, 1992 with Bankers Trust Company. Should any of the holders of the Debentures fail to present their Debentures on or before June 27, 1992 or fail to accept payment of the redemption moneys payable in respect thereof or give such receipt therefor, if any, as the Trustee may require, then the said redemption moneys shall be set aside for any such holder with Bankers Trust Company. Such setting aside shall for all purposes be deemed a payment to any such holder of the sum so set aside; and to that extent the said Debentures and coupons shall thereafter not be considered as outstanding. The said Debenture-holders shall have no other right except to receive payment of the redemption moneys payable in respect of their Debentures out of the moneys so set aside upon surrender to Bankers Trust Company of their said Debentures and coupons. Notice is further given that interest in respect of the Debentures will cease to accrue on and after the Redemption Date. All Debentures so redeemed shall forthwith be cancelled.

Trustee for the Debenture-holders
The Royal Trust Company, Montreal

Principal Paying Agent
Bankers Trust Company, London

Paying Agents:
Bankers Trust Company, New York
Banque Indosuez Belgique S.A. Brussels
Banque Indosuez Luxembourg, Luxembourg
Swiss Bank Corporation, Basle

Montreal, April 30, 1992

P.K. Pal
Secretary

ALCAN

COMPANY NEWS: UK

Vauxhall best performer in UK in spite of 45% fall

By Kevin Done,
Motor Industry Correspondent

Tony Andrews
Vauxhall: market share increased in first quarter

PRE-TAX profits of Vauxhall, the UK subsidiary of General Motors of the US, fell by about 45 per cent last year under the impact of the deep recession in the UK new car market.

The company is expected to reveal today pre-tax profits for 1991 of about £133m, against £239.1m in 1990.

Despite the profit decline, the company achieved the strongest financial performance of any UK car maker last year.

Ford of Britain, the market leader, suffered a record loss in 1991 of £470m on ordinary activities excluding Jaguar, while Rover fell to pre-tax losses of £89m.

Vauxhall, which is in second place in the UK new car market after overtaking Rover in 1989, suffered a fall in market share last year to 15.6 per cent (16.1 per cent). Its sales fell by 23 per cent – against a decline in the overall market of 20.7 per cent – to 248,704 (323,054).

In the first quarter of this year Vauxhall increased its UK new car market share from 17.2 per cent to 18 per cent.

● Group Lotus, the specialist UK sports car maker and automotive engineering group which is owned by GM, has disclosed pre-tax losses for 1990 of £12.7m, compared with losses of £4.4m a year earlier.

GM has been forced to pump new capital into Group Lotus, where pre-tax losses have grown rapidly from £2.1m in 1988.

According to the Group Lotus 1990 accounts filed at Companies House, GM injected £13m of additional finance in 1991, some £6.5m in equity and the remainder as loans.

Group Lotus turnover in 1990 amounted to £74.8m (£63.1m). The company has suffered heavy losses as it expanded rapidly for the launch of the new Elan sports car range in 1990.

It then had to contract sharply in the face of recession and the failure of the Elan to meet expected sales targets.

Group Lotus has not yet disclosed its results for 1991.

NEWS DIGEST

Exceptionals behind rise at Eadie

EXCEPTIONAL profits, arising from the disposal of subsidiaries, pushed Eadie Holdings, the USM-quoted Glasgow-based specialist engineer, back into the black in the 1991 year.

The sale of its Alloy Wire and Astraflex offshoots produced an exceptional £1.3m bringing the pre-tax line to £1.24m, against losses of £503,000.

Operating profits rose from £566,000 to £720,000 with all the improvement occurring in the second half, directors said.

Turnover dipped 14 per cent to £20.1m. If the results of the two subsidiaries are stripped out, the fall was 4 per cent. Interest charges fell to £784,000 (£1.16m); gearing at the year-end was 48 per cent, against 120 per cent 12 months earlier.

Earnings worked through at 4.32p (losses of 1.1p).

Guinness chief raises £2.87m from options

Mr Anthony Tennant, chairman of Guinness, the drinks group, made a profit of £2.87m last year by exercising options on about 900,000 shares granted to him after he took over the chair in 1987.

Mr Tennant, who is to retire at the end of this year, sold most of the shares at about 500p each, having been granted the options at prices ranging from 150p to 180p.

The group's annual report, published on Tuesday, showed that he still holds 145,838 shares and has options on a further 312,090, which must be exercised within 12 months of leaving the company.

Mr Tennant, who has taken Guinness from a market capitalisation of £3bn to £11.5bn and raised pre-tax profits from £408m to £956m during the past five years, was paid a total of £781,000 in salary and performance-related bonus last year, a rise of 19 per cent in line with the rise in group profits.

Hawthorn Leslie proposals agreed

Shareholders of Hawthorn Leslie, the mobile telephone group, have agreed proposals, which have now been implemented, for its financial restructuring.

In particular, Svenska Handelsbank has converted £16m of existing lending to the group into an equal amount of unquoted floating rate convertible loan stock 2007.

Hawthorn will seek a restoration of dealings in its ordinary shares on the USM following publication of its 1991 results, expected in May.

Drug launch delay hits Haemocell

Haemocell, the USM-quoted maker of medical and surgical equipment, attributed its increased first-half loss of £783,000 to the costs of preparing for the launch of a new drug, S350, in the US.

Absence of US regulatory approval had delayed the launch by at least three months. The outcome for the second half would be influenced by the timing of approval.

Turnover in the six months to February 29 rose 63 per cent to £305,000. In the comparable period a loss of £608,000 was reported on sales of £187,000.

This time administration and other expenses took £866,000 (£694,000) and interest payable was £21,000 against £3,000 receivable.

Unigroup to float Malaysian offshoot

Unigroup, the timber and building products group, has decided to float its Golden Pharos subsidiary on the Kuala Lumpur stock exchange.

The offshoot makes and distributes timber products such as doors and windows. It has a 37,000 sq m factory in Malaysia with some 300 employees.

It is envisaged that the company, which will remain a subsidiary of Unigroup, will obtain a listing by spring 1993.

Bowthorpe has 83% of Penny & Giles

Bowthorpe Holdings, the electrical and electronic components maker, has won acceptances from shareholders representing 83.3 per cent of Penny & Giles, the instrument manufacturer.

Bowthorpe is offering 136 new shares for every 100 Penny & Giles shares or 1 new share and 84p cash.

National Express back in the black

National Express group, the inter-city coach operator, returned to profit in the 24 weeks to December 31.

The privately-owned company, which was acquired last year by a consortium of investors after the 1988 management buy-out from the National Bus Company lapsed into losses, reported pre-tax profits of £3.58m from sales of £56.1m.

The figures were not comparable to previous periods because of restructuring undertaken since the consortium gained control.

PUBLIC WORKS LOAN BOARD RATES
Effective April 29

Years	Quota loans* EPI†	ANN††	maturity§
1			10¼
Over 1 up to 2	10⅛	10⅛	10¼
Over 2 up to 3	10⅛	10⅛	10
Over 3 up to 4	10	10	9⅞
Over 4 up to 5	9⅞	9⅞	9⅞
Over 5 up to 6	9⅞	9⅞	10
Over 6 up to 7	9⅞	9⅞	10
Over 7 up to 8	9⅞	9⅞	10⅛
Over 8 up to 9	9⅞	10	10⅛
Over 9 up to 10	10	10	10⅛
Over 10 up to 15	10⅛	10¼	10¼
Over 15 up to 25	10¼	10¼	10⅛
Over 25	10⅛	10¼	10¼

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

MacSharry stands out against CAP compromise

By David Gardner in Luxembourg

THE EUROPEAN Commission yesterday dissociated itself from attempts by the current Portuguese presidency of the European Community to limit the cuts in subsidised cereals prices envisaged under Brussels plans to reform the common agricultural policy.

Mr Ray MacSharry, EC agriculture commissioner, told farm ministers he would not let go of this central plank of his reform proposals. He took the unprecedented step of getting his opposition written in as a dissenting opinion in the presidency's latest compromise paper on CAP reform.

This was presented to ministers here yesterday and confirmed Portugal's intention to try to broker agreement on a new target price for cereals of Ecu112 (£78) a tonne by the 1995-96 season, well above the Ecu105 the commission is prepared to accept. The presidency's proposal amounts to a 27 per cent cut on current price levels of around Ecu155 per tonne, against the 35 per cent cut originally sought by the commission.

The commission needs a weighted majority of member states to get its proposals through, but only the unanimity of the 12 can force it to change them. The wide spread of different interests make this very unlikely, but a reform package which looked within reach could now be receding.

Mr MacSharry made clear yesterday he would not move as far as the presidency. "I've always said we are prepared to be flexible," he said before the hard bargaining started. "But we have to have a [cereals] price which is competitive." He later told ministers that "Ecu105 is the limit of competitiveness. . . it is not a question of bargaining around an arbitrary price. At Ecu112 the surplus in cereals is some 8m tonnes greater than at Ecu105, in which case the set-aside requirement would increase to 22 per cent," he warned. The "set-aside" requirement now envisages taking 15 per cent of land out of production as a condition for receiving compensation for the cuts.

Presidency officials argued yesterday that their softening of the reform proposals was what now made an agreement likely. The commission retorted that there was no point in a reform which failed to address the fundamental problems of oversupply and would require remedial action later. Cheaper cereals for feedstock, moreover, are meant to offset cuts in the dairy and meat sectors, and commission officials expect that ministers will therefore seek to limit these cuts too if the Portuguese price targets for grains are accepted.

The presidency compromise makes other controversial changes in:

- Compensation: which it wants for all land set-aside, whereas Brussels had excluded larger-scale farmers. This was partly to address British protests that their big farms were being discriminated against. "There is no doubt that in the major areas <the presidency paper> is moving in our direction," said Mr John Gummer, UK farm minister.
- Livestock: where limits on the number of cattle per hectare the EC would finance have been loosened, in a way the commission believes will encourage production and increase surpluses.

The commission has had no constant allies on reform, but it is not without fellow-travellers on cereals. The UK, Netherlands and Denmark want deeper cuts; crucially, so does France, which fears that the alternative would be administrative restraints on production that would cripple its huge and competitive grains sector.

Peace-time challenges for Afghan farming

Farhan Bokhari reports on the agricultural devastation caused by 13 years of war

IF PEACE finally returns to Afghanistan after 13 years of war, restoration of the agricultural sector would be one of the most difficult challenges faced by a new government.

According to United Nations estimates, the 1.3m hectares (3.2m acres) under irrigation when the war began, have shrunk to less than 1m ha because of war related devastation. Some 250,000 ha of forest have also disappeared, creating shortages of firewood and timber for construction.

Among the principal causes of the Afghan tragedy are the estimated 10m mines that have have been laid. According to a UN estimate, at least 500,000 farm animals have been killed by the mines. Also the country's capacity to increase its foodgrain production has been severely hampered by continuing warfare and large-scale refugee movements. Now, in addition to the estimated 17m people living in Afghanistan, at least 5m live in refugee camps in neighbouring Pakistan and Iran.

Mr Farooq Azam, former adviser on irrigation to the Afghan government before the communist coup of 1978, says "the land has become uneven because of heavy bombing and mine blasts". Now, the Authority for the Restoration of Infrastructure in Afghanistan, the non-governmental organisation which he heads, is trying to establish new projects for training of farmers and the disabled to improve their skills for increasing crop yields. But, the task is a difficult one. He quotes a retreating Soviet general who said in 1989 that "they have made the land of Afghanistan such that it will fight its own people for ten years", adding that this is the time-frame expected for the completion of clearing operations.

The UN launched a worldwide appeal for the supply of 100,000 tonnes of wheat in early April, to alleviate potentially severe food shortages. "The silos are empty, do we start digging cemeteries?" said Mr Benon Sevan, the UN secretary general's special envoy for Afghanistan, when he launched the appeal. So far, among the major donors, Pakistan and the US have committed themselves to sending 40,000 tonnes and 10,000 tonnes respectively while additional pledges may come from European countries, officials and diplomats say.

They are not very hopeful, however, that any large scale international effort will be mounted for reconstruction and rehabilitation in Afghanistan. The Pakistani government is now revising estimates for reconstruction from a 1989 assessment. The new figures are expected to be provided to the UN secretary general within the next two to three weeks and may be used for launching a fresh international appeal.

At a time of economic pressures in Western economies and more interest in giving assistance to the newly-independent republics of the former Soviet Union and Eastern Europe, donors are less likely to make major commitments to Afghanistan, officials say. Further pressure has resulted from uncertainty about the future of a commitment of US$600m made by the Soviet Union after its troops withdrew from Afghanistan.

"We don't know if Moscow still wants to keep up with its commitment or not," says a senior government official.

A newly-installed government in Kabul is now expected to appeal for assistance from donors. The twin factors of expected luke-warm response and fears of infighting between rival mujahideen groups are likely to go against them, but Mr Azam remains hopeful that "there are still good people out there" who will come to Afghanistan's help once again in its hour of need.

Ukraine signs oil and gas deals with Iran

By Chrystia Freeland in Kiev

IN AN effort to wean itself away from dependence on Russian oil and gas newly-independent Ukraine is building on its partnership with Iran. A visit last weekend to Tehran by a high-level Ukrainian delegation headed by Mr Leonid Kruvchek, the Ukrainian president, yielded two new commercial agreements that form part of a new Ukrainian orientation towards the Middle East.

Mr Mykola Havrylenko, chairman of the Ukrainian state commission on geology and natural resources, signed a protocol permitting Ukrainian teams to explore for oil and natural gas in Iran and receive payment in kind. Although Ukraine has few oilfields of its own it has vast expertise in the oil industry learned on the Siberian steppes.

Mr Havrylenko signed a separate agreement for the purchase of current metals from Iran. These deals are part of an agreement whereby Iran is to provide Ukraine with 4m tonnes of oil in 1992 in exchange for Ukrainian machine parts and building materials.

Together with Azerbaijan, Ukraine and Iran have also previously agreed to build a pipeline from Iran to western Europe, passing through Ukraine, in which Ukrainian officials say Germany, France, and Italy have all expressed interest.

The agreements are an implicit rebuke for Russia, which regularly threatens Ukraine with the prospect of paying world prices for Russian oil. Ukrainian authorities said that it was a pleasure to do business with Iran because unlike Ukraine's other partners it did not change prices every two months or alter contracts on the whim of its leaders.

Mr Kravchuk shrugged off the suggestion that the West might be displeased with the developing relationship between Ukraine and Iran. "We will no longer pursue the servile policies, instead we will pursue the policies of independence," he said.

Turkish oil officials, touring Moslem republics of the former Soviet Union with Turkish Prime Minister Suleyman Demirel, said they were prepared in principle to buy crude from Uzbekistan in exchange for refined products, reports Reuter from Bishkek, Kyrgyzstan.

"We import $4bn to $4.5bn worth of crude a year, mostly from the Middle East," said Mr Mustafa Aytac, general manager of the state-owned Petrol Ofisi.

"If the price is right, we will import from Uzbekistan." But Mr Aytac said the problems of transporting the oil by rail to Ukraine's Black Sea port of Odessa and then by ship to the western Turkish port of Izmit might render a deal unworkable in the short term.

He said he had offered to help set up a chain of petrol stations. Uzbek oil officials will visit Turkey next month to discuss the proposal in detail, he said.

Brazil set to approve coffee relief package

By Bill Hinchberger in Sao Paulo

A ROLL-over of $276m in debt and Cr$240b ($102m) in new financing for the 1992-93 crop are the centrepieces of a government package to boost the Brazilian coffee sector. The measures await approval by the National Monetary Council, which is scheduled to meet today.

The length of debt refinancing will depend on the nature and source of the original loan. For some, payments may be extended for up to five years.

New credit will be awarded on the basis of productivity and will favour those who did not receive loans for the 1991-92 harvest. Growers who did not receive credit last season and who produce fewer than 45 bags (60 kg each) per hectare will have access to financing of Cr$11,000 per bag; those whose production is between 45 and 90 bags will be able to borrow up to Cr$13,000 per bag, and those who harvest more than 90 bags per hectare can obtain funding of up to Cr$15,000 per bag.

Mr Suelly Evandro Amarante, president of the National Coffee Council (CNC), a producers association, hailed the measures as "highly positive" and "an important beginning" for a recuperation of the sector. However, he believes the amount of new credit is insufficient. The CNC is also lobbying for additional measures, including tax reductions and port reforms to ease exports.

Mr Amarante stressed that domestic measures alone could not solve the problems of Brazilian coffee producers.

'No substitute for tobacco'

By David Blackwell

GROWING ALTERNATIVE crops such as cut-flowers or fruit is not a viable option for most tobacco producers, according to a report from the International Tobacco Growers' Association.

The report, published yesterday, is the growers' answer to campaigners against tobacco, who claim that a reduction in the land and labour devoted to the tobacco industry would help to stop people smoking.

Tobacco production in Zimbabwe, Malawi, the US and Canada is studied in the report, which identifies Canada as the only case where substitution might be possible, given the country's climatic disadvantages, falling domestic consumption and failure to find new export markets.

In Zimbabwe and Malawi, however, many of the possible alternative crops "are limited by instability, risk or difficulties in marketing and could take several years to yield their first returns".

- *Tobacco Farming: Sustainable Alternatives? ITGA, PO Box 125, East Grinstead, West Sussex RH18 5FA.*

Deal reached on 7-day working at Kambalda

By Kevin Brown in Sydney

WESTERN Mining Corporation, the Australian resources group, yesterday said that it had reached agreement with the Australian Workers' Union on continuous mining at its troubled Kambalda nickel operations in Western Australia.

The group said the deal would lead to the revival of an A$105m expansion plan for Kambalda, and the re-employment of 150 workers made redundant when the plan was abandoned during an industrial dispute in November.

The union said that it had agreed to switch to seven-day mining in continuous shifts from five-day operation after WMC agreed to reduce the duration of shifts from eight hours to seven and a half hours. However, the agreement cannot be implemented until the Western Australian state government implements an undertaking to amend the state's Mines Regulation Act to allow continuous working.

Mr Hugh Morgan, WMC managing director, said the company and the union had jointly requested the government to expedite the amendment, which would bring Western Australia into line with other Australian states.

WMC said last week that production at Kambalda had been seriously affected by industrial action over the continuous mining dispute in the nine months to the end of March.

The group said said ore treated at Kambalda fell to 763,000 tonnes over the first nine months of the current financial year, compared to 910,024 tonnes in the comparable period of the previous year.

WMC's expansion plan for Kambalda would increase deep mining at several mines in the area, where WMC produces about 35,000 tonnes of nickel a year. The project is part of a A$400m spending programme intended to increase the group's nickel output to 65,000 tonnes a year from 53,000.

WMC shares rose 12 cents to A$3.98 on the Australian Stock Exchange as news of the possible solution to the Kambalda problem filtered through.

Producers optimistic ahead of rubber talks

MAJOR RUBBER producers are guardedly optimistic that consumer countries will agree to amend the International Natural Rubber Agreement to make it more effective for boosting weak prices of the commodity, reports Reuter from Chiangmai, Thailand.

A ministerial meeting of the Association of Natural Rubber Producing Countries, started here yesterday with delegates saying they hoped consumers, led by the US, would respond positively to their demand for more active market intervention to lift rubber prices. But consumers have not yet given any such indications.

"It is not in the long-term interest of consumers and producers to leave prices at their current lows," said Mr Soedradjad Djiwandono, the Indonesian junior trade minister.

Rubber prices have been declining for the past two years, falling to their lowest since 1986 in December. They have recovered only slightly since.

Producers have sought to negotiate with consumers a new pact to replace the International Natural Rubber Agreement before it expires in December 1993.

Inra is administered by the International Natural Rubber Organisation, which groups major producers with 20 consumers. The UN-sponsored agreement will be extended automatically for two years if its members failed to agree on a new pact.

Producers, led by Malaysia, have complained that the five-year agreement has succeeded only in stabilising prices at levels that were unremunerative to them.

They say the Inro buffer stock manager, given broad discretionary power, has not been sufficiently active in his buying intervention to shore up prices.

The two-day ANRPC meeting is being held here ahead of an Inro session starting in Kuala Lumpur on May 19 at which producers hope they can persuade consumers to agree to open talks on pact improvements.

The ANRPC groups Indonesia, Malaysia, Papua New Guinea, Sri Lanka, Singapore and Thailand, which between them account for about 82 per cent of world supply of natural rubber.

Mr Warothai Pinyasart, the Thai deputy agriculture minister, said Thailand supported an ANRPC resolution last year that called on four of its members to prepare for activating their 1976 agreement to stabilise prices through supply rationalisation if consumers refused to start negotiations by next month.

But the Indonesian junior trade minister said both producers and consumers should go to the negotiating table in a non-confrontational spirit.

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD fell to fresh six-year lows in early trading on the London bullion market before recovering on bargain hunting and short covering after Comex opened. The Comex June gold futures contract was at midday holding above lifetime lows struck earlier, but dealers said the market was still vulnerable. New York analysts believe $335 a troy ounce is an important support point for bullion, and peg next support at $333, then $330. Should bullion fall below those levels nearby Comex gold will drop to $320, they predict. Some see a fall to $300. Tame inflation, the recession and a lack of investor interest continue to weigh on sentiment. London **COFFEE** and **COCOA** ended another loss-laden day with little sign of an imminent turnaround in the current bearish trend, traders said. Cocoa ended near the day's lows, while coffee trimmed losses slightly but showed no conviction to rally into the plus column. Origin sales, particularly from the Ivory Coast, continued to be cited as the reasons behind the current slide in both markets to historical lows. The nearby July cocoa contract closed at £586 a tonne, down £12 on the day but above the new 16½-year low of £581.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.80-6.85	+0.10
Brent Blend (dated)	$19.20-9.35	+.125
Brent Blend (Jun)	$19.15-9.15	+.125
W.T.I (1 pm est)	$20.45-0.55z	+.125

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$217-219	
Gas Oil	$175-176	-1
Heavy Fuel Oil	$73-75	-1
Naphtha	$182-184	
Petroleum Argus Estimates.		

Other		+ or -
Gold (per troy oz)♣	$335.95	-1.05
Silver (per troy oz)♣	393.00c	-4
Platinum (per troy oz)	$341.35	-2.4
Palladium (per troy oz)	$81.85	-1
Copper (US Producer)	103.85	+0.53
Lead (US Producer)	37.37c	
Tin (Kuala Lumpur market)	14.81r	+0.7
Tin (New York)	274.5c	+2
Zinc (US Prime Western)	82c	
Cattle (live weight)†	108.60p	-1.62*
Sheep (live weight)†♣	96.79p	+1.96*
Pigs (live weight)†	101.57p	+0.46*
London daily sugar (raw)	$242.5t	-3
London daily sugar (white)	$277.0t	+1
Tate and Lyle export price	£245.50	-2
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£148.0w	+0.25
Wheat (US Dark Northern)	£120.0w	
Rubber (Jun)♥	56.25p	+0.25
Rubber (Jul)♥	56.50p	+0.25
Rubber (KL RSS No 1 May)	221.5	+1
Coconut oil (Philippines)§	$30.0t	+5
Palm Oil (Malaysian)§	$392.5z	-5
Copra (Philippines)§	$410	-5
Soyabeans (US)	£150.0t	-0.5
Cotton "A" index	59.55c	
Wooltops (64s Super)	448p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. t-May/Jun y-Apr/May w-Apr z-May. †Meat Commission average fatstockprices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	219.20	214.00	218.60 213.60
Aug	216.40	214.00	214.80 213.60
Oct	204.40	202.00	200.80
White	**Close**	**Previous**	**High/Low**
Aug	277.00	274.80	276.00 274.00
Oct	269.50	268.70	269.30 267.50

Turnover: Raw 209 (1108) lots of 50 tonnes. White 924 (948)
Paris- White (FFr per tonne): Aug 1567.46 Oct 1544.75

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Jun	19.47	19.11	19.50 18.92
Jul	19.30	19.01	19.35 18.84
Aug	19.23	18.93	19.23 18.79
Sep	19.18	18.90	18.85 18.76
Oct	19.18	18.90	19.16 18.79
Dec	19.15	18.84	19.15
IPE Index	19.00	18.93	

Turnover 35000 (26144)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
May	172.50	173.25	173.25 172.00
Jun	172.25	173.25	173.00 171.75
Jul	172.75	174.00	173.75 172.50
Aug	174.75	175.75	175.00 174.50
Sep	176.75	177.75	176.75 176.00
Oct	179.00	180.00	179.00 178.00
Nov	180.50	180.75	181.00 180.00
Dec	181.50	181.50	181.75 181.00

Turnover 11413 (11060)lots of 100 tonnes

WOOL

Australian sales were resumed this week after the Easter recess and prices were generally unchanged or a little easier. The Wool corporation's market indicator slipped 4 cents from its pre-Easter close of 590 cents a kg. on the first day, and another 4 cents on the second day. Although these are small movements they do not encourage the placing of new orders but firms in the trade who can manage to wait to do so. The Australian stockpile, still over 4 million bales, is a factor in all market calculations, present policy means that disposal is continuing at a very slow rate.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	555	569	561 551
Jul	586	598	592 581
Sep	611	625	616 605
Dec	647	663	651 640
Mar	683	697	686 675
May	706	720	710 703
Jul	728		729 729
Sep	751		753 750
Dec	779		782 775

Turnover: 5959 (6462) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 28 756.06 (760.15) 10 day average for Apr.28 767.49 (767.99)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
May	731	736	733 726
Jul	758	765	761 752
Sep	776	781	780 773
Nov	797	799	799 793
Jan	820	819	816 810
Mar	830	841	834 828

Turnover:4996 (5602) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr.23: Comp. daily 50.72 (51.13) 15 day average 53.45 (53.89)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
May	117.5	116.0	118.0 116.0
Apr	117.9	118.0	118.5 117.5

Turnover 64 (43) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	125.00	125.00	

Turnover 0 (200) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Apr	1198	1197	1200 1198
May	1275	1264	1281 1275
Jun	1221	1198	1221 1209
Jul	1139	1130	1145 1139
Oct	1250	1246	1255 1250
BFI	1201	1192	

Turnover 107 (235)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	124.75	124.60	125.10 124.75
Jun	126.25	126.00	126.50 126.20
Sep	111.15		111.25 111.15
Jan	117.95		118.25 117.75
Barley	**Close**	**Previous**	**High/Low**
May	118.00	117.75	118.00 117.75

Turnover: Wheat 295 (314) , Barley 97 (10).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
May	126.5	126.5	126.5 126.3
Jun	119.5	119.3	119.3 119.0
Jul	113.0	112.3	112.8 112.5
Oct	107.0	107.8	107.0 106.8
Nov	107.0	107.5	107.0 106.8

Turnover:36 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 23,490 lots
Cash	1299-300	1294.5-95	1307.5/1307	1306-6.5		
3 months	1325-26	1320-21	1336/1324	1332-32.5	1326-25.5	169,289 lots
Copper, Grade A (£ per tonne)						Total daily turnover 17,694 lots
Cash	1245-46	1238-37	1244.5	1244-44.5		
3 months	1275.5-76	1267-68	1277/1274.5	1274-74.5	1277-78	104,476 lots
Lead (£ per tonne)						Total daily turnover 1,400 lots
Cash	298.5-97.5	298-99	298/297.5	297.5-7.75		
3 months	309.25-9.5	310-11	311.5/309	310.5-0.75	309-9.5	16,470 lots
Nickel ($ per tonne)						Total daily turnover 3,171 lots
Cash	7435-45	7420-30	7440/7445	7440-45		
3 months	7525-30	7510-15	7540/7525	7530-33	7520-30	23,644 lots
Tin ($ per tonne)						Total daily turnover 1,854 lots
Cash	5895-905	5885-95		5898-900		
3 months	5905-10	5895-900	5920/5600	5895-900	5915-20	8,798 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 16,789 lots
Cash	1352-54	1346-48	1365/1364	1359-63		
3 months	1290-91	1293.5-94	1306/1287	1295-96	1287-88	59,282 lots

LME Closing £/$ rate: SPOT: 1.7715 3 months: 1.7427 6 months: 1.7218 9 months: 1.7011

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	335.70-336.20	
Opening	335.10-335.40	
Morning fix	334.75	189.507
Afternoon fix	335.70	189.127
Day's high	336.20-336.60	
Day's low	333.70-334.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.10	6 months	3.23
2 months	3.10	12 months	3.40
3 months	3.13		

Silver fix	p/fine oz	US cts equiv
Spot	221.70	393.50
3 months	227.85	397.55
6 months	233.30	401.60
12 months	244.25	

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	411.40-336.75	189.25-189.75
Maple leaf	347.00-348.00	196.50-196.00
New Sovereign	82.00-83.00	46.25-46.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	105	114	3	3
1300	15	34	9	21
1400	3	4	94	88
Copper (Grade A)	**Calls**		**Puts**	
2150	82	73	3	4
2250	3	12	39	43
2350	3	3	138	131
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
700	83	88	5	12
750	28	54	20	28
800	10	31	52	55
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
575	27	51	16	51
600	16	36	30	25
625	9	28	48	40
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	56	-	6	30
1900	29	40	22	
1950		21		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	336.1	336.9	336.5	335.0
Jun	336.4	337.2	337.5	334.9
Aug	338.3	339.1	339.4	337.0
Oct	340.2	341.0	340.5	339.0
Dec	342.2	343.1	343.1	341.1
Feb	344.5	345.5	344.3	344.0
Apr	346.8	347.8	0	0
Jun	349.3	350.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	342.8	342.5	343.0	339.5
Oct	345.7	346.4	347.5	344.5
Jan	346.8	346.5	347.0	344.5
Apr	348.3	348.0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	395.5	394.0	398.5	391.0
Jun	397.0	395.6	0	0
Jul	398.3	397.1	399.5	394.5
Sep	401.5	400.4	402.5	397.0
Dec	406.3	405.2	408.0	403.5
Jan	408.0	406.8	0	0
Mar	411.8	410.7	412.0	408.5
May	415.7	414.6	416.0	418.0
Jul	419.7	418.6	421.5	419.0
Sep	424.3	423.2	425.5	425.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	99.50	100.20	100.50	98.40
Jun	99.75	100.40	0	0
Jul	100.05	100.70	101.10	99.95
Aug	100.20	100.80	0	0
Sep	100.40	100.95	101.15	100.40
Oct	100.40	100.95	0	0
Nov	100.40	100.95	0	0
Dec	100.40	100.95	101.15	100.50
Jan	100.20	100.75	0	0
Feb	100.05	100.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jun	20.77	20.41	20.79	20.15
Jul	20.82	20.48	20.84	20.24
Aug	20.80	20.46	20.83	20.25
Sep	20.76	20.42	20.75	20.26
Oct	20.71	20.38	20.65	20.22
Nov	20.65	20.33	20.55	20.20
Dec	20.61	20.29	20.60	20.18
Jan	20.52	20.21	20.45	20.08
Feb	20.44	20.14	20.04	20.04
Mar	20.37	20.08	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
May	5697	5612	5700	5515
Jun	5648	5553	5650	5480
Jul	5632	5546	5640	5465
Aug	5693	5596	5700	5540
Sep	5813	5716	5775	5680
Oct	5913	5816	5845	5770
Nov	6003	5906	5880	5870
Dec	6093	5991	5975	5945
Jan	6118	6016	6090	5990
Feb	6013	5911	5900	5875

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	880	898	882	876
Jul	921	933	927	917
Sep	963	976	970	962
Dec	1022	1030	1025	1015
Mar	1064	1074	1068	1064
May	1094	1104	1097	1097
Jul	1123	1130	1123	1120
Sep	1153	1160	0	0
Dec	1191	1198	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	63.10	63.85	64.10	62.50
Jul	64.20	64.85	65.40	63.95
Sep	66.35	66.90	67.55	65.80
Dec	69.60	70.30	70.70	69.10
Mar	72.70	73.85	73.70	72.50
May	75.00	76.25	76.00	75.00
Jul	77.00	77.75	77.25	77.25
Sep	79.50	81.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	9.91	9.75	9.93	9.75
Jul	9.71	9.64	9.74	9.60
Oct	9.13	9.02	9.18	9.02
Mar	8.98	8.93	9.00	8.94
May	8.93	8.89	8.93	8.93
Jul	8.94	8.91	8.80	8.80

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	60.57	60.72	61.40	60.75
Jul	61.44	61.75	62.58	61.40
Oct	62.40	62.65	63.19	62.40
Dec	62.95	63.25	63.65	62.91
Mar	64.15	64.40	64.70	64.01
May	64.50	64.75	64.73	64.66
Jul	64.70	64.83	0	0
Oct	64.35	64.35	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	132.40	133.00	136.00	132.25
Jul	124.85	127.20	128.60	123.70
Sep	117.55	120.00	121.05	117.00
Nov	111.65	113.50	114.75	111.55
Jan	111.05	113.00	116.00	111.60
Mar	111.25	112.70	114.50	112.25
May	111.00	112.70	0	0
Jul	111.00	112.70	0	0
Sep	111.00	112.70	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr.29	Apr.28	mnth ago	yr ago
1608.0	1610.7	1612.5	1723.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr.28	Apr.27	mnth ago	yr ago
Spot	116.35	116.27	117.91	127.05
Futures	119.12	119.35	121.49	126.89

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	572/2	573/6	574/4	571/6
Jul	579/0	580/2	581/2	578/0
Aug	583/0	583/4	585/0	582/6
Sep	586/6	587/4	589/2	586/4
Nov	593/6	594/6	596/0	593/2
Jan	602/4	603/4	605/0	602/4
Mar	611/0	612/4	614/0	611/0
May	618/4	620/0	621/0	618/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	19.26	19.24	19.34	19.24
Jul	19.58	19.54	19.65	19.55
Aug	19.74	19.70	19.80	19.71
Sep	19.91	19.86	19.95	19.88
Oct	20.05	20.02	20.14	20.03
Dec	20.36	20.33	20.45	20.34
Jan	20.51	20.50	20.60	20.50
Mar	20.76	20.70	20.88	20.76

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	173.0	173.9	173.8	173.0
Jul	176.2	176.6	176.7	175.8
Aug	177.3	177.7	177.7	177.0
Sep	178.4	179.0	178.8	178.3
Oct	195.6	195.7	196.0	195.0
Dec	195.6	195.9	196.1	195.0
Jan	196.2	196.0	196.2	195.8
Mar	196.8	196.7	197.2	196.7

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	244/4	246/0	246/0	244/2
Jul	250/6	251/2	251/6	250/4
Sep	249/2	249/4	250/2	249/0
Dec	249/2	249/4	250/2	249/0
Mar	257/4	257/4	258/2	257/0
May	262/2	262/0	263/0	262/0
Jul	266/4	266/0	266/4	266/2
Dec	255/6	254/0	257/0	255/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	371/0	378/2	378/4	369/0
Jul	354/6	360/0	359/6	353/0
Sep	358/6	363/4	363/4	357/4
Dec	365/6	371/0	370/4	365/0
Mar	366/0	371/0	370/0	365/4
May	357/0	359/0	0	0
Jul	339/0	341/0	341/0	339/0
Sep	344/0	348/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	73.125	74.025	74.200	73.100
Aug	69.900	70.575	70.825	69.825
Oct	69.400	70.125	70.325	69.350
Dec	69.350	69.900	70.075	69.250
Feb	68.900	69.325	69.250	68.900
Apr	70.025	70.400	70.475	70.000
Jun	68.000	68.300	68.000	68.000

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	48.075	48.075	48.600	47.875
Jul	46.125	46.250	46.500	45.800
Aug	44.050	44.300	44.300	43.700
Oct	40.700	41.000	41.050	40.550
Dec	42.775	42.850	42.875	42.600
Feb	43.575	43.650	43.800	43.550
Apr	42.225	42.350	42.400	42.225

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	35.025	35.675	35.800	34.800
Jul	35.025	35.750	35.800	34.800
Aug	32.575	33.250	33.450	32.400
Feb	43.100	43.475	43.450	42.800
Mar	42.200	42.500	42.550	42.200
May	42.700	43.050	43.000	42.700

Market confident of scaling new high

By Steve Thompson

WORRIES about the biggest ever auction of gilt-edged – £2.5bn worth – of stock and concern that the market may have run out of steam were firmly shrugged aside as equities moved tantalisingly close to an all-time closing high.

The FT-SE 100-share index ended the session 13.9 higher at 2,664.9, with a sizeable placing of Racal Electronics stock and renewed takeover speculation elsewhere in the market the day's chief features.

There was considerable uncertainty around equities at the outset, with dealers still nervous about Wall Street, despite its late rally leaving Tuesday's modest closing gain, and the prospects for the gilt auction. It was also felt that most of the big trading houses had plenty of stock on board, and would probably be quick to unload if the market turned against them.

While always maintaining a healthy premium over fair value, the performance of the Footsie future was never entirely convincing and kept traders looking over their shoulders for a sharp decline.

However, developments in mid-morning delivered a substantial boost to confidence. The main factor behind this came from gilts where the auction of Treasury 8¾ per cent stock 2017, was said to have gone exceptionally well.

First indications that the gilts offering had been well received coincided with news that the near 10 per cent holding in Racal Electronics, a block of 130m shares, acquired by Williams Holdings during its unsuccessful bid attempt last year, had been placed with ease by SG Warburg Securities. Warburg was thought to have acquired the stock at 58p and placed them with a broad spread of institutions at 58½p.

Specialists said these were snapped up within minutes of being offered and that a number of institutions were unhappy at not being given the chance to take up the Racal shares. It was also pointed out that the market's appetite for such a large lump of stock as the Williams stake was a good barometer of the overall market.

With the Racal stock safely placed and the auction going smoothly institutional buyers moved back into the market, driving the Footsie up from its brief excursion into negative territory during early trading to a day's high of 2,673.5 just before the opening of Wall Street. Thereafter the index slipped back to end within 15 points of its all-time closing high and around 19 points below its intraday record.

The Racal placing, which allowing for double counting involved 260m shares, gave a massive boost to stock market turnover which shot up to 869.1m shares. The value of business on Tuesday moved back above £1bn, reaching £1.21bn.

The bank sector saw profit-takers move in on Midland, while Barclays fell back amid worries about potential losses from the property sector. Retailing stocks such as Dixons and Kingfisher were hit by bearish noises emanating from County NatWest, while Vodafone, a key component of the poorly performing telephone networks sector, suffered from a profits downgrading from one of the market's most influential agency brokers.

Account Dealing Dates		
*First Dealings:		
Apr 6	Apr 27	May 11
Option Declarations:		
Apr 23	May 7	May 28
Last Dealings:		
Apr 24	May 8	May 29
Account Day:		
May 5	May 18	Jun 8

*New-time dealings may take place from 8.30 am two business days earlier.

Utilities race ahead

THE LOOMING results season for the utilities and the above-average yield attractions of the water, electricity and power generation stocks triggered a flurry of demand for all three sectors.

County NatWest was said to have been among the keenest supporters of the spread of utilities. Mr Rachel Lucas, at County, said the sectors offered considerable potential following the general election result. County especially favours the regional electricity companies and the generators which, according to the broker, stand to gain most from growing perceptions in the market that the recent national grid report on overcapacity is implausible.

County was particularly keen on utilities reporting early in the season, including North West Water, up 9 at 422p; South West Water, 6 higher at 421p; East Midland Electricity, gaining 6 at 286p; and Norweb Electricity, 8 ahead at 343p. National Power advanced 6 to 227p.

Glaxo gain limited

Pharmaceutical group Glaxo Holdings retreated following the dramatic fall and suspension of shares in Toronto of an allied company.

Glaxo had started brightly in London, along with the other leading drugs stocks, putting on 18 by midday. However, as Toronto opened, Biochem Pharma, which is developing its 3TC anti-Aids drug exclusively for Glaxo, requested a suspension after seeing its shares plunge, and talk in the London market erroneously put this down to problems with the new drug.

The group's request came as a result of rumours that it had run into difficulties with a share placement, due to be made by US broking house Morgan Stanley yesterday. Biochem was reported to be planning to issue a statement last night dismissing the rumours, with a view to a lifting of the trading suspension today. Glaxo was eventually a net 2 up at 738p.

Banks weaker

Trade in Midland Bank slowed to only 8.1m shares, compared with 27m on Tuesday, as the market continued to take on board implications of the bid situation. The stock slipped 7½ to 386½p after the bank again recommended the offer from Hongkong and Shanghai Banking.

Analysts suggested that there may be sizeable arbitrage trade between shares in Lloyds and Midland over the next few months, with prices reflecting whether investors believe the Lloyds bid will succeed. At present the cheapest way into a combined Lloyds/Midland group is through Midland.

Barclays declined 6 to 347p on continuing worries about its exposure to the debt of property company Olympia & York.

Institutional buyers snapped up Williams Holdings' 9.8 per cent stake in Racal, the 130m shares being placed by S.G. Warburg at 58½p. Williams, which collected £81m from the sale, closed 7 firmer at 352p. Racal held at 60½p.

RTZ jumped 23 to 635p in brisk turnover of 2.9m. There was talk that a strike in Chile, the world's largest copper producer, could benefit RTZ, and also that the company had sold part of its industrial division.

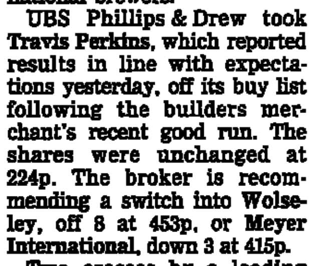
Speculation of a takeover offer from Minorco lifted Lonrho 7 to 98p. British Airways were in demand ahead of the company's annual meeting later this month. The shares jumped 9 to 280p as a hefty 9.2m shares were traded.

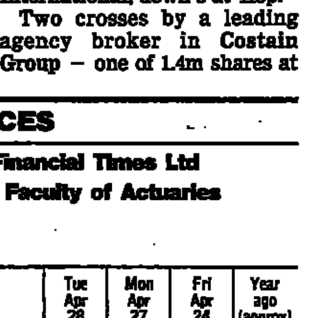
Vodafone slipped 6 to 351p in busy volume of 5.6m as James Capel downgraded the telecoms group.

Fisons, up 18 at 384p, led a strong drugs sector, with the market keen to anticipate a positive decision by the US Food and Drugs Adminstration, which is examining Fisons' Holmes Chapel facility.

Presentations by Wellcome over the next few days, and in the US next week, ahead of its share issue helped the stock rise 7 to 1036p.

Whitbread "A" climbed 13 to 457p, outperforming the rest of the sector on hopes of recovery. Mr Mike McCarthy, brewing analyst at Smith New Court, said Whitbread has the most recovery potential among national brewers.





UBS Phillips & Drew took Travis Perkins, which reported results in line with expectations yesterday, off its buy list following the builders merchant's recent good run. The shares were unchanged at 224p. The broker is recommending a switch into Wolseley, off 8 at 453p, or Meyer International, down 3 at 415p.

Two crosses by a leading agency broker in Costain Group – one of 1.4m shares at 81½p and another of 2.5m at 82p – lifted the day's turnover for the stock to 8.5m. The shares put on 2 to 81p.

Selected construction issues advanced on offical figures showing a rise in orders for the first quarter.

The long-awaited finance deal between Greycoat and a consortium of banks for the property group's Embankment Place development in central London lifted the shares 7 to 61p.

Talk that ICI's first-quarter results today will contain some good news pushed the shares 11 higher to 1381p. A shortage of stock in BOC Group squeezed it up 13 to 726p.

Among supermarkets, Tesco receded 9 to 282p on turnover of 5.4m following a recommendation by BZW to switch into J. Sainsbury. The latter was unchanged at 433p as the sector continued to react nervously to Credit Lyonnais Laing's criticism of property valuation and accounting policies.

Dixons was off just a penny at 256p in hefty turnover of 3.1m shares after recovering most of and early loss caused by a profits downgrade from County NatWest.

MARKET REPORTERS:
Joel Kibazo,
Colin Millham,
Christopher Price.

■ Other market statistics, Page 23.

FINANCIAL TIMES STOCK INDICES

	Apr 29	Apr 28	Apr 27	Apr 24	Apr 23	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.61	88.51	88.53	88.31	88.45	84.92	88.82 (15/4)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	102.94	102.80	102.53	102.24	102.21	94.15	102.94 (29/4)	97.15 (2/1)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2076.5	2061.2	2073.7	2072.5	2042.7	1966.7	2076.5 (29/4)	1851.4 (3/4)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	106.8	107.3	107.4	109.2	111.0	139.9	160.6 (10/1)	106.8 (29/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2664.9	2651.0	2658.2	2643.0	2609.8	2508.4	2664.9 (29/4)	2382.7 (3/4)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1224.53	1217.07	1219.54	1213.35	1212.01	1153.64	1224.53 (29/4)	1120.52 (8/1)	1224.53 (29/4/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.37	4.40	4.39	4.41	4.47	4.89				
●Earning Yld %(full)	6.27	6.31	6.30	6.32	6.41	8.77				
●P/E Ratio(Net)(☆)	20.07	19.91	19.97	19.88	19.63	14.02				
SEAQ Bargns 5.00pm	29,823	29,278	32,415	40,078	37,254	23,511				
Equity Turnover(£m)†	-	1209.5	981.9	1332.9	1422.3	788.09				
Equity Bargains†	-	34,604	35,920	44,387	45,023	23,094				
Shares Traded (ml)†	-	532.5	430.3	530.7	579.9	369.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.71

Ordinary Share Index, Hourly changes Day's High 2081.0 Day's Low 2053.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2055.0	2064.8	2074.7	2071.7	2077.5	2077.8	2078.2	2076.7	2077.6

FT-SE 100, Hourly changes Day's High 2673.5 Day's Low 2650.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2654.4	2653.0	2651.9	2658.6	2666.2	2669.2	2669.5	2666.8	2666.3

FT-SE Eurotrack 200, Hourly changes Day's High 1227.95 Day's Low 1222.72

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1223.23	1224.26	1223.15	1225.54	1226.94	1226.92	1226.35

GILT EDGED ACTIVITY

Indices*	Apr 28	Apr 27
Gilt Edged Bargains	95.8	84.2
5-Day average	94.6	94.5

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	21	435	
ASDA Group	16,000	27	+½
Abbey National	3,800	303	-3
Albert Fisher	7,400	71	+2
Allied-Lyons	694	543	
Amstrad	376	33	-1
Anglian Water	4,200	416½	+6½
Argos	1,200	291	-6
Argyll Group	1,100	385	+3
Arjo Wiggins	7,000	260	
Ass. Brit. Foods	562	432	+1
Ass. Brit. Ports	127	398	+8
BAA	1,400	607	+2
BAT Inds.	2,200	759	+6
BET	2,100	141	+5
BICC	2,000	345	-3
BOC	724	726	+13
BPB Inds.	1,800	185	
BTR	4,700	468	+6
Bank of Scotland	2,000	117	-1
Barclays	3,600	347	-6
Bass	1,300	610	-10
Berisford Int.	2,000	19¾	+1¾
Blue Circle	1,500	274	+2
Booker	222	441	-7
Boots	1,100	472	
Bowater	77	811	
Brit. Aerospace	3,100	350	+1
British Airways	9,200	279½	+8½
British Gas	11,000	260½	-1½
British Land	128	303	+2
BP	20,000	266	+2½
British Steel	8,000	82	+4
British Telecom	2,300	344½	+½
Br. Telecom New	6,500	126¾	+2½
Bunzl	1,500	108	
Burmah Castrol	533	600	-2
Burton	4,900	45	-1
Cable & Wire.	2,000	565	+2
Cadbury Schweppes	1,500	457½	+3½
Calor Group	494	208	+9
Carlton Comms.	649	619	-1
Coats Viyella	905	222	

	Volume 000's	Closing Price	Day's change
Comm. Union	125	470	+7
Cookson	1,700	156	+5
Courtaulds	790	602	+6
Dalgety	986	413	-5
De La Rue	182	564	
Dixons	3,100	256	-1
ECC Group	646	580	+5
Eastern Elect.	713	282	+3
East Midland Elect.	1,100	286	+6
Enterprise Oil	708	427	+7
Eurotunnel Units	981	371	+21
FNI	8,700	79	+1
Fisons	4,000	384	+18
Forte	2,600	242	-3
Gen. Accident	414	465	+2
General Elect.	5,900	226	+5
Glaxo	3,000	738	+2
Glynwed Int.	52	273	+1
Granada	1,800	252	-3
Grand Met.	2,800	476	+2
GUS A	225	1577	+11
GRE	4,900	144	+1
GKN	776	403	+6
Guinness	2,600	598	+1
Hammerson 'A'	177	368	+1
Hanson	4,400	235½	+1
Hanson Warrants	1,300	25¾	+½
Harrisons Crosfield	387	137	+4
Hillsdown	2,400	198	+1
IMI	333	380	-1
ICI	1,700	1381	+11
Inchcape	1,300	522	+14
Kingfisher	1,800	554	-9
Kwik Save	59	581	-3
Ladbroke	1,800	250	-4
Land Securities	436	433	+5
Laporte	50	662	+8
Legal & General	710	376	-2
Lloyds Abbey	816	416	-7
Lloyds Bank	2,800	415	-2
LASMO	4,800	236	-3
London Elect.	645	323	+6
Lonrho	4,200	98	+7

	Volume 000's	Closing Price	Day's change
Lucas	386	140	
MB Caradon	2,200	304	+1
MEPC	225	343	+4
Manweb	343	368	+5
Marks & Spencer	3,300	339	-1
Midland Bank	8,100	386½	-7½
Midlands Elect.	671	305	+4
NFC	581	268	+6
NatWest Bank	4,200	334	-1
National Power	2,400	227	+6
Next	3,800	86½	+1½
North West Water	1,800	422	+9
Northern Elect.	1,300	315	+1
Northern Foods	548	608	+5
Norweb	539	343	+8
Pearson	568	692	+1
P & O	1,000	503	+12
Pilkington	2,900	156	+1
PowerGen	2,000	234	+3
Prudential	2,300	246	+4
RHM	807	234	+4
RMC	85	642	-2
RTZ	2,900	635	+23
Racal	258,000	60½	
Rank Org.	351	726	+1
Reckitt & Colman	904	656	
Redland	1,200	557	+2
Reed Intl.	644	583	+4
Rentokil	310	414	+5
Reuters	585	1182	+21
Rolls Royce	2,100	174	+2
Rothmans	92	1164	-3
Ryl Bk Scotland	1,200	188	
Royal Insurance	1,400	209	+6
Saatchi	13,000	18	+¼
Sainsbury	2,500	433	
Scottish & New	2,300	474	-2
Scot. Hydro-Elect.	2,100	162½	+4
Scottish Power	3,000	177½	+3½
Sears	7,300	108	-2
Sedgwick	177	221	
Seeboard	422	323	+4
Severn Trent Water	2,300	384	+6

	Volume 000's	Closing Price	Day's change
Shell Transport	4,000	482	+8
Siebe	176	703	-1
Slough Ests	430	178	-1
Smith (W.H.) A	663	487	+2
Smith & Nephew	2,100	158½	+4
SmKl Beecham	1,500	669	+10
SmKl Beecham Uts.	216	3690	+53
Smiths Inds.	279	314	+4
Southern Elect.	2,000	291	+2
South Wales Elect.	109	359	+8
South West Water	617	421	+6
South West. Elect.	221	310	+7
Southern Water	931	400	+12
Standard Chartd.	843	478	+6
Storehouse	3,200	139	+1
Sun Alliance	828	289	+3
T&N	2,000	137	+10
TI Group	760	682	
TSB	2,700	145	
Tarmac	3,300	147	-4
Tate & Lyle	1,000	409	-3
Taylor Woodrow	2,800	129	+7
Tesco	5,400	282	-9
Thames Water	1,300	437	+8
Thorn EMI	1,000	847	+4
Tomkins	1,000	499	+2
Trafalgar House	4,400	159	
Unigate	1,600	335	+4
Unilever	795	907	-7
United Biscuits	1,700	415	-1
Utd. Newspapers	802	412	-4
Vodafone	5,600	351	-6
Warburg (SG)	74	595	
Wellcome	414	1036	+7
Welsh Water	389	445	+12
Wessex Water	253	495	+8
Whitbread 'A'	4,000	457	+13
Williams Hldgs.	2,000	352	+7
Willis Corroon	152	289	
Wimpey	98	180	-2
Wolseley	755	453	-8
Yorkshire Elect.	382	361	+5
Yorkshire Water	2,300	454	+10

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures moved forward yesterday to break through the 2,700 level for the first time this year, though volatility in trading saw it end below the day's high point, writes Joel Kibazo.

The June contract on the FT-SE started the session at 2,688, at a 33-point premium to the underlying cash market and a slight squeeze saw the contract advance to touch 2,700 by mid-morning.

Nerves appeared to have set in on that advance and profit-taking saw June retreat to 2,677 by mid-session, tracking the cash market, which was also in decline.

However, sentiment changed again in the early afternoon when June was once more in demand helped by a positive Wall Street – and this time the 2,700 mark was firmly passed, June accelerating to reach 2,707.

June closed below the session's high at 2,696, just one point above its estimate fair value premium to cash of about 18. Turnover though was poor at 5,936.

In traded options, turnover reached 43,468 with trading in stock options accounting for much of the day's total.

The FT-SE 100 option traded a mere 9,113 lots, well below expectations ahead of its expiry today.

NEW HIGHS AND LOWS FOR 1992

[illegible]

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Apr 29 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Tue Apr 28 Index No.	Mon Apr 27 Index No.	Fri Apr 24 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (179)	893.73	+1.0	6.94	5.21	18.76	14.30	884.49	884.48	881.56	842.82
2 Building Materials (22)	1100.52	-0.4	5.64	5.38	24.91	18.61	1104.75	1114.19	1117.99	1084.30
3 Contracting, Construction (28)	1028.16	+1.0	6.00	5.88	25.94	22.00	1017.94	1019.05	1020.04	1307.68
4 Electricals (8)	2641.31	....	7.00	5.58	18.55	68.82	2640.06	2644.50	2707.71	2348.98
5 Electronics (29)	1961.98	+1.7	9.20	4.33	13.79	4.21	1929.53	1919.95	1912.31	1796.31
6 Engineering-Aerospace (7)	394.66	+0.7	8.89	6.58	14.27	10.89	391.99	391.08	386.25	443.58
7 Engineering-General (44)	535.04	+0.3	7.85	4.41	15.80	7.37	533.30	531.79	528.25	448.11
8 Metals and Metal Forming (8)	367.42	+2.7	1.27	9.43	–	0.32	357.83	356.70	356.30	460.63
9 Motors (14)	364.75	+1.2	7.32	6.44	17.95	9.96	360.58	362.80	362.72	344.03
10 Other Industrial Materials (19)	1823.78	+1.9	6.82	4.54	17.65	33.24	1790.43	1785.74	1770.89	1516.83
21 CONSUMER GROUP (188)	1709.90	+0.1	7.04	3.32	17.41	14.22	1707.41	1713.22	1705.15	1464.53
22 Brewers and Distillers (24)	2172.66	+0.1	7.43	3.35	16.19	16.80	2170.78	2180.40	2171.55	1834.54
25 Food Manufacturing (17)	1282.96	....	8.39	4.09	14.76	17.10	1283.64	1284.53	1287.52	1183.47
26 Food Retailing (18)	2834.19	-0.6	8.11	3.05	16.03	18.63	2850.70	2875.87	2905.46	2795.14
27 Health and Household (24)	4136.57	+0.8	6.67	2.56	17.09	30.61	4104.49	4070.80	4024.28	3231.22
29 Hotels and Leisure (20)	1400.15	-0.4	6.10	4.87	21.18	23.10	1405.32	1420.70	1419.19	1352.10
30 Media (25)	1639.74	+0.7	5.89	3.35	21.12	17.30	1629.05	1634.21	1620.89	1454.41
31 Packaging, Paper & Printing (17)	840.64	+0.2	6.32	3.93	18.61	10.45	839.30	847.05	838.16	666.94
34 Stores (33)	1115.75	-0.3	6.62	3.25	20.04	2.69	1118.83	1135.66	1125.45	924.93
35 Textiles (10)	736.65	+0.5	6.45	4.21	19.53	3.32	732.77	737.48	735.97	533.18
40 OTHER GROUPS (116)	1314.07	+1.0	9.21	4.94	13.68	13.84	1301.02	1305.15	1300.56	1217.07
41 Business Services (17)	1448.66	+2.0	6.75	4.36	18.90	13.18	1420.74	1428.28	1412.70	1228.59
42 Chemicals (22)	1617.74	+1.1	6.40	4.50	19.14	24.16	1600.10	1602.53	1591.75	1283.04
43 Conglomerates (11)	1456.37	+0.8	9.67	6.91	12.66	9.34	1444.36	1451.88	1441.63	1567.67
44 Transport (14)	2609.04	+1.9	4.87	4.35	27.60	30.47	2559.49	2569.52	2572.94	2186.67
45 Electricity (16)	1290.48	+1.6	13.61	5.04	9.58	17.21	1270.45	1263.08	1266.75	1175.58
46 Telephone Networks (4)	1422.94	....	11.02	4.41	11.85	16.02	1423.41	1441.06	1433.79	1442.62
47 Water (10)	2800.92	+1.9	15.22	5.68	7.24	0.00	2748.04	2741.22	2747.09	2431.40
48 Miscellaneous (22)	2051.06	+0.8	5.95	4.80	21.97	20.93	2035.18	2027.53	2021.76	1893.35
49 INDUSTRIAL GROUP (483)	1382.15	+0.6	7.70	4.18	16.24	14.44	1374.15	1377.85	1372.24	1236.08
51 Oil & Gas (17)	2128.92	+0.8	7.16	6.68	18.38	53.06	2111.17	2096.16	2072.11	2437.47
59 500 SHARE INDEX (500)	1453.34	+0.6	7.64	4.44	16.44	17.34	1444.55	1447.00	1440.02	1337.62
61 FINANCIAL GROUP (87)	753.41	....	–	6.02	–	16.40	753.38	759.54	751.46	819.00
62 Banks (9)	953.22	-0.8	5.07	5.73	31.23	22.89	960.79	967.37	956.69	908.51
65 Insurance (Life) (6)	1493.76	+0.9	–	5.96	–	44.26	1481.02	1502.04	1474.35	1535.42
66 Insurance (Composite) (7)	510.17	+1.1	–	6.82	–	13.46	504.46	513.09	506.24	684.53
67 Insurance (Brokers) (10)	984.36	....	7.84	6.81	16.83	20.48	984.55	985.37	976.56	1141.44
68 Merchant Banks (7)	509.47	-0.1	–	4.07	–	4.25	509.78	509.00	497.67	423.81
69 Property (33)	705.71	+0.7	7.55	6.46	18.44	6.50	700.76	706.83	710.17	1001.76
70 Other Financial (15)	253.74	+0.6	6.85	6.81	20.01	3.12	252.23	250.71	248.78	287.88
71 Investment Trusts (70)	1228.28	+0.6	–	3.65	–	11.14	1221.38	1223.15	1221.32	1212.07
99 ALL-SHARE INDEX (657)	1286.45	+0.5	–	4.60	–	16.72	1279.58	1282.70	1275.75	1211.35

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 28	Apr 27	Apr 24	Apr 23	Apr 22	Year ago
FT-SE 100 SHARE INDEX♦	2664.9	+13.9	2673.5	2650.4	2651.0	2658.2	2643.0	2609.8	2607.8	2508.4

FIXED INTEREST

PRICE INDICES	Wed Apr 29	Day's change %	Tue Apr 28	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (27)	122.22	+0.08	122.12	1.79	4.28
2 5-15 years (25)	137.58	+0.16	137.36	1.50	5.45
3 Over 15 years (9)	150.15	+0.12	149.97	3.05	2.78
4 Irredeemables (6)	163.47	+0.19	163.16	-0.06	6.11
5 All stocks (67)	135.41	+0.13	135.24	1.80	4.85
Index-Linked					
6 Up to 5 years (2)	169.17	+0.03	169.12	0.31	1.83
7 Over 5 years (9)	146.25	+0.21	145.94	0.71	1.64
8 All stocks (11)	148.27	+0.18	148.00	0.64	1.65
9 Debs & Loans (62)	119.39	+0.09	119.46	1.91	4.26

AVERAGE GROSS REDEMPTION YIELDS		Wed Apr 29	Tue Apr 28	Year ago (approx.)
British Government				
1 Low	5 years	8.35	8.36	9.23
2 Coupons	15 years	9.02	9.04	9.64
3 (0%-7¾%)	20 years	9.02	9.04	9.76
4 Medium	5 years	9.29	9.32	10.27
5 Coupons	15 years	9.07	9.09	10.08
6 (8%-10¾%)	20 years	9.04	9.05	10.03
7 High	5 years	9.51	9.55	10.41
8 Coupons	15 years	9.19	9.20	10.26
9 (11%-)	20 years	9.14	9.14	10.21
10 Irredeemables	‡	9.23	9.25	10.04
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	4.02	4.03	3.82
12 Inflation rate 5%	Over 5 yrs	4.52	4.53	4.13
13 Inflation rate 10%	Up to 5yrs	3.32	3.32	2.96
14 Inflation rate 10%	Over 5 yrs	4.33	4.35	3.95
15 Debs & Loans	5 years	10.65	10.68	11.87
16	15 years	10.45	10.48	11.64
17	25 years	10.33	10.34	11.43

†Opening index [illegible]; 10 am [illegible]; 11 am [illegible]; Noon [illegible]; 1 pm [illegible]; 2 pm [illegible]; 2.30 pm [illegible]; 3 pm [illegible]; 4.10 pm [illegible]. (a) [illegible]. (b) [illegible]. ‡ Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
3pc 1992		[illegible]	—	[illegible]	[illegible]	3.02	7.81
Exch 12¼pc 1992		100⅝	-1/16	101¼	[illegible]	12.17	10.17
13½pc 1992		[illegible]	-1/16	102½	[illegible]	13.34	10.11
Treas 8¾pc 1993		[illegible]	-1/16	99	[illegible]	8.34	9.59
10pc 1993‡‡		[illegible]	-1/16	100½	[illegible]	9.98	9.75
12¾pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	12.14	9.81
Funding 6pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	8.21	8.62
Treas 13¾pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	13.00	9.69
8¼pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	8.62	9.34
14½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	13.49	9.62
Exch 13½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	12.62	9.56
Treas 10pc Ln 1994		[illegible]	[illegible]	[illegible]	[illegible]	9.88	9.48
Exch 12½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	11.79	9.54
Treas 9pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	9.07	9.37
12pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	11.33	9.47
Exch 3pc Gas 90-95		[illegible]	[illegible]	[illegible]	[illegible]	3.31	6.54
10¼pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	10.03	9.45
Treas 12¾pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	11.81	9.44
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	12.33	9.60
9pc 1992-96		[illegible]	[illegible]	[illegible]	[illegible]	9.04	9.14
15¼pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	12.87	9.60
Exch 13¼pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	11.82	9.57
Conversion 10pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	9.76	9.33
Treas 13¼pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	11.82	9.57
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	10.04	9.29
Five to Fifteen Years							
Treas 8¾pc 1997		[illegible]	[illegible]	[illegible]	94	8.93	9.22
Exch 15pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	12.24	9.63
9¾pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	9.58	9.29
Treas 6¾pc 1995-98		[illegible]	[illegible]	[illegible]	[illegible]	7.41	8.69
15½pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	12.09	9.52
Exch 12pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	10.87	9.41
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.34	9.15
Exch 12¼pc 1999		114⅛	[illegible]	[illegible]	109½	10.73	9.42

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		[illegible]xd	[illegible]	[illegible]	[illegible]	9.89	9.31
Conversion 10¼pc 1999		[illegible]xd	[illegible]	105½	[illegible]	9.78	9.31
9pc 2000‡‡		[illegible]	[illegible]	[illegible]	94⅝	9.07	9.14
Treas 13pc 2000		[illegible]	+¼	[illegible]	[illegible]	10.88	9.48
10pc 2001		[illegible]	[illegible]	[illegible]	[illegible]	9.56	9.20
14pc '98-01		[illegible]xd	+⅛	[illegible]	[illegible]	11.69	9.63
9¾pc 2002		[illegible]	[illegible]	104½	98⅞	9.39	9.16
9¾p 2002 C		[illegible]	[illegible]	[illegible]	[illegible]	9.77	10.00
10pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	9.44	9.15
10pc 2003 B		[illegible]	[illegible]	20¼	19	9.99	9.14
Treas 11½pc 2001-04		[illegible]	+⅛	[illegible]	[illegible]	10.24	9.42
Funding 3½pc '99-04		64¼	+⅛	[illegible]	59½	5.45	8.20
Conversion 9½pc 2004		[illegible]xd	+⅛	103½	[illegible]	9.24	9.13
9½pc 2005		103	+⅛	[illegible]	[illegible]	9.22	9.11
Treas 12½pc 2003-05		[illegible]xd	+¼	[illegible]	[illegible]	10.15	9.20
8pc 2002-06‡‡		91⅛	[illegible]	[illegible]	85½	8.78	9.12
Over Fifteen Years							
Treas 11¾pc 2003-07		[illegible]	[illegible]	[illegible]	[illegible]	10.04	9.21
8½pc 2007‡‡		95⅜	[illegible]	[illegible]	[illegible]	8.91	9.07
8½pc 2007 A		95⅜	+⅛	[illegible]	[illegible]	8.91	9.07
13½pc '04-08		[illegible]	[illegible]	[illegible]	[illegible]	10.33	9.21
9pc 2008‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.02	9.03
8pc 2009		91⅛	[illegible]	91⅝	[illegible]	8.78	9.02
Conv 9pc Ln 2011‡‡		[illegible]	+⅛	100¼	[illegible]	9.02	9.03
9pc 2011 B		99¾	+⅛	[illegible]	[illegible]	9.02	9.03
Treas. 9pc 2012		99⅞	+⅛	[illegible]	[illegible]	9.01	9.01
Treas 5½pc 2008-12‡‡		[illegible]	+⅛	[illegible]	62⅞	8.14	9.00
7¾pc 2012-15‡‡		87½	[illegible]	[illegible]	[illegible]	8.86	9.05
Exch 12pc '13-'17		127⅜	+⅛	[illegible]	120⅛	9.42	9.09
Undated							
Consols 4pc		42¾	[illegible]	43	39⅞	9.36	–
War Loan 3½pc‡‡		38¼xd	[illegible]	[illegible]	[illegible]	9.15	–
Conv 3½pc '61 Aft		61⅛	[illegible]	62	59	5.68	–
Treas 3pc '66 Aft		[illegible]	[illegible]	31⅞	[illegible]	9.50	–
Consols 2½pc		28⅞	[illegible]	[illegible]	[illegible]	9.30	–
Treas. 2½pc		[illegible]	[illegible]	27	[illegible]	9.37	–

BRITISH FUNDS - Cont.

Index-Linked	Notes (b)	Price £	+ or -	1992 high	1992 low	Yield (1)	Yield (2)
Treas. 2pc '94	(102.9)	[illegible]xd	—	[illegible]	[illegible]	2.83	4.11
2pc '96	(67.9)	180	[illegible]	[illegible]	[illegible]	3.42	4.04
2½pc '01	(78.3)	[illegible]	+⅛	[illegible]	143	4.15	4.48
2½pc '03	(78.8)	[illegible]xd	[illegible]	[illegible]	[illegible]	4.26	4.53
2pc '06	(69.5)	[illegible]	[illegible]	144	[illegible]	4.35	4.57
2½pc '09	(78.8)	[illegible]xd	+¼	131½	[illegible]	4.36	4.56
2½pc '11	(74.6)	[illegible]	+¼	[illegible]	129¾	4.37	4.55
2½pc '13	(89.2)	[illegible]	+¼	[illegible]	[illegible]	4.36	4.52
2½pc '16	(81.6)	115	[illegible]	[illegible]	[illegible]	4.34	4.50
2½pc '20	(83.0)	[illegible]	[illegible]	[illegible]	[illegible]	4.33	4.47
2½pc '24‡‡	(97.7)	[illegible]	[illegible]	[illegible]	[illegible]	4.38	4.43

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1991: 134.1 and for March 1992: 136.7.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		[illegible]	[illegible]	[illegible]	[illegible]	10.70	9.61
Asian Dev 10¼pc 2009		[illegible]	[illegible]	[illegible]	[illegible]	10.30	9.44
B'ham 11½pc 2012		[illegible]	—	[illegible]	[illegible]	11.33	10.45
Ireland Cap 8½pc '10		[illegible]	—	[illegible]	[illegible]	8.90	–
9pc Cap 1996		98	—	[illegible]	90	9.17	–
13pc '97-02		104½	—	115½	104½	11.35	–
Hydro Quebec 15pc 2011		[illegible]	+¼	[illegible]	[illegible]	15.9	10.40
Int-Am Dev 12½pc 2003		[illegible]	[illegible]	[illegible]	[illegible]	11.09	9.52
9¾pc 2015		[illegible]	[illegible]	[illegible]	95½	10.37	9.49
Leeds 13½pc 2006		122¼	—	122¼	[illegible]	11.09	10.47
Liverpool 3½pc Irred		32½	—	32½	30	11.07	–
LCC 3pc '20 Aft		29½	—	29½	27	11.11	–
Manchester 11½pc 2007		[illegible]	—	[illegible]	103¼	11.27	10.37
Met. Wtr. 3pc 'B'		58	—	58	53	5.77	9.10
N'wide Anglia 3⅞pc 2021		185	—	[illegible]	103¼	–	5.56
4⅛pc IL 2024		185	—	106½	103¼	–	5.30
Utd Mex States 16½pc 2008		124¼	+¼	126	121½	13.33	12.68

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	35¾xd	+⅛	38	34	16,283	1.9
♥Allegheny & W	254p	-6	335p	226p	132.8	6.6
Amdahl	681p	-36	1169p	815p	977.9	0.6
Amer Cyanamid	34½	+¼	37	32¼	3,217	2.7
Amer Express	12xd	[illegible]	13⅞	10	5,813	4.6
Amer T & T	24xd	-⅛	24⅞	20⅛	32,218	3.0
Ameritech	35½	+⅛	36	32½	15,548	5.8
BankAmerica	25xd	[illegible]	26⅝	19	8,447	2.9
Bankers NY	32¼xd	-½	37⅛	28⅞	2,658	8.5
Bell Atlantic	24⅛	+⅛	28¼	23⅛	9,739	5.9
BellSouth	27⅝	+⅛	29⅛	25	13,445	5.6
♥Bethlehem Steel	7⅛xd	—	9⅝	7	691.9	—
Bowater	1254pxd	-26	1579p	1078p	450.4	5.4
CPC	23¼	-¼	25½	22⅞	3,580	2.8
California Engy	671p	—	833p	646p	122.2	—
Campbell Soup	18	[illegible]	23	18	4,666	2.4
Chase Manhattan	14⅞xd	-⅛	15⅛	9⅛	2,891	4.5
Chrysler	10xd	[illegible]	11	6¼	3,124	3.2
Citicorp	18½xd	+⅛	11	5⅞	3,695	—
Colgate-Palm	27xd	[illegible]	28⅞	25⅛	4,387	2.1
Contl Bank	979p	-9	1036p	499p	989.3	3.4
Dana	23xd	-⅛	24½	14	968.7	3.8
Data General	499p	+6	1004p	487p	136.0	—
Dial	19⅞xd	+1	24⅛	18⅞	789.1	3.2
Dun & Brad	38⅛	-⅛	33½	28⅞	5,439	4.2
Eaton	42⅞	-⅝	46½	32½	1,480	2.9
Echlin	9xd	-½	11	7⅞	534.8	4.1
FPL	19½xd	[illegible]	19	18⅛	3,305	6.9
Fluor	23⅞xd	[illegible]	27	21	1,935	0.9
Ford Motor	24xd	+¼	24⅞	15	11,867	2.3
Gen Elect	42⅞xd	—	46¼	40	37,049	2.7
♥General Host	466p	—	555p	360p	—	4.3
Gillette	26xd	[illegible]	29⅞	26	5,769	1.5
Hasbro	14⅝	—	16	12⅞	1,257	0.5
Honeywell	41xd	+¼	43	34⅛	2,876	2.3
Houston Inds	24⅛	+¼	24⅞	23	3,206	6.7
IBM	49⅛xd	—	64½	46⅛	28,483	5.5
Ingersoll-Rand	33⅝xd	[illegible]	38	28	1,743	2.2
Lockheed	26	—	28⅞	22⅞	1,631	4.6
Lowe's	2064p	-118	2478p	1631p	751.5	1.5
Merrill Lynch	26¼xd	[illegible]	39	26⅞	2,747	2.1
Morgan (JP)	30xd	[illegible]	37½	29	5,793	4.0
Morris (Philip)	43xd	+⅝	45	41⅛	40,078	2.7
NYNEX	42½	+⅛	44⅝	39⅝	8,839	6.1
♥Pac Agric	57p	—	57p	28p	—	—
Pall	15	-¼	17	10	1,315	1.4
Pennzoil	26⅛xd	+⅛	30⅞	25⅛	1,057	6.5
Quaker Oats	28xd	-½	40	28	2,125	3.4
Rockwell	13⅝xd	[illegible]	15	13	3,059	3.8
Rep NY	22⅛	-⅛	28	22	1,151	2.5
Sears Roebuck	24⅛xd	+⅛	28	19	6,301	4.7
Sthwestern Bell	35½	-⅛	35⅞	32⅛	10,644	4.6
Sun Co	16xd	[illegible]	18⅞	15⅛	1,704	6.4
Tenneco	24xd	[illegible]	25	16½	3,037	3.7
Texaco	34½xd	-¼	35¼	30	8,919	5.2
Time Warner	58¼xd	—	92⅛	46½	3,398	1.0
♥Unilab	440p	—	587p	440p	408.7	—
Utd Tech	38¼xd	+⅛	31¼	27	3,679	3.3
♥Unitech	117p	—	122p	66p	—	—
♦URS Intl 1c	8⅛p	—	1¼p	0⅛p	2.38	—
US West	20¼	+¼	21	18⅞	6,301	5.9
Varity	796p	+22	865p	632p	198.6	—
Waste Manage	22xd	[illegible]	28	20	11,042	1.1
Whirlpool	2416pxd	-152	2799p	2021p	1,679	2.6
♥Woolworth	15⅛	-⅛	18⅛	14⅛	2,054	3.9

CANADIANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
♥Abbot Energy	2p	—	2p	1¾p	—	—
Amer Barrick	1268p	-12	1842p	1268p	1,731	0.3
Bk Montreal	20½	—	23¼	20	2,477	5.6
Bk Nova Scot	932p	+24	1176p	908p	1,885	5.0
♥BC Gas	779p	—	870p	760p	—	4.2
BCE	20½	+¼	24½	30¼	6,345	7.5
♥Brascan	726p	+12	957p	714p	898.7	7.7
♥Breakwater	29½p	+1½	33p	6p	18.8	18.3
Can Imp Bk	1292p	+42	1810p	1250p	2,387	5.5
[illegible]						

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1992 high	1992 low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc	97	—	107	83½	12.4	—	—
Cap	32	+1	42	12½	—	48.7	36.4
Stepped Pf	136½	+½	136½	126	8.1	—	—
Zero Div Pf	179	+½	179	168½	—	—	—
Warrants	5½	—	9	3½	—	—	—
Scot Value a	58	—	58½	48	2.9	62.8	7.6
Sec Alliance †	1225	+5	1265	1138	3.8	1372.2	10.7
Second Market s	236	—	238	222	0.8	280.6	15.2
Sec Tst Scot	72	—	73	63	6.2	74.7	4.3
Select Assets	101	—	102½	98	7.2	131.9	23.3
Eq Ind Ser1	119	—	119	109	4.8	—	—
Eq Ind Ser2	119	—	119	109	4.8	—	—
[illegible] †	239	+2	239	195	9.6	241.0	0.8
11pc Cv Ln '03/04	£112½	—	£112½	[illegible]	9.8	—	—
Sum Select	86	—	91	86	1.6	97.5	11.8
Warrants	18	—	21	17	—	—	—
Smaller Cos	76	—	77	67	4.4	86.9	12.5
Warrants	13	—	16	10	—	—	—
Sphere Inc N	16½xd	—	29	14¾	25.1	23.3	29.3
Zero Div Pf	73	+½	73	65¾	—	—	—
Warrants	0¾	—	3½	0¼	—	—	—
Stratton	154	—	158	147	1.6	189.1	18.1
[illegible]	43	—	52	38	3.9	109.5	60.7
TR City of Lon M	118	+½	118¼	97½	5.4	117.7	0.3
TR Euro Growth s	85	—	89	83	1.5	99.6	14.7
Pfg Sub s	50	—	54	50	2.7	—	—
TR Far East Inc M	93	+1	94	78	8.4	101.9	8.7
Warrants	16	—	17	12	—	—	—
TR High Inc	101	+1	101	91	7.9	100.2	0.2
Sub g	30	—	35	28	6.7	—	—
TR Pacific s	92	—	94	71	8.4	95.7	3.9
TR Prop	23¾	−½	27	20	8.1	34.5	31.1
TR Smaller	137	—	139	118½	3.6	150.8	9.1
TR Technology M	35	—	37	25	6.8	98.1	63.7
Stepped Pf	101	—	101	89¾	7.5	—	—

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

Notes	Price	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
Kells Mins I£	35	—	42	32	0.85	—
Kenmare	3¾	—	6½	3½	3.60	—
Melinga Res	33½	−½	34	31½	3.70	—
Nevan Res I£	23	−½	26	16	3.08	—
Northgate Expl C$ s	33	—	46⅞	33	4.15	—
North West Expl A$	3	—	6	2	1.01	—
Oryx Gold $	84	—	183	51	—	—
Ovoca Res I£	6	—	11	5½	0.42	—
Plateau	8½	—	13	8	3.87	—
RTZ	635	+23	638	469	6,358	4.1
Vizcaya	1	—	3	1	0.53	—
Western & Pac C$	47	−8	86	7	25.8	—
Young Grp	21	−1	110	4	3.18	16.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	116.8	118.1	124.4	+0.30	0.00
AIB Grofund Equity	5	183.9	186.2	197.1	+1.80	1.87
AIB Grofund Euro	5	134.0	135.9	143.1	+0.10	0.67
AIB Grofund Gilt	3	72.45	72.47	74.71	-0.06	5.42
AIB Grofund Japan	5	104.7	108.9	111.4	-0.30	0.00

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	119.6	119.6xd	126.9	-0.1	8.16
High Inc Equity	6	132.2	135.1xd	143.7	-0.7	5.92
Worldwide Bond	6	215.3	215.3	228.2	-0.3	6.24
Capital Growth						
American Growth	6	204.6	204.6	218.8	-1.0	1.02
Asian Pacific	6	141.3	144.2	153.3	-1.0	1.40
Assets & Earnings	6	194.1	198.1	210.7	+0.7	2.90
Capital Reserve Acc	0	114.4	114.4	114.4		7.95
Capital Reserve Inc	0	84.60	84.60xd	84.60		7.85
Comdty & Energy	6	65.58	65.58xd	69.71	-0.48	1.52
1992 Enterprise	6	71.41	71.41	76.37	+0.39	2.85
Euro Capital Acc	6	90.52	90.52	96.81	+0.22	1.08
Euro Capital Inc	6	85.77	85.77xd	91.73	-0.19	1.09
General	6	179.4	179.4	191.8	+0.6	3.02
Japan	6	73.36	73.36	78.45	-0.17	-
Mastertrust	6	89.85	89.85	96.09	+0.04	2.45
UK Growth Acc	6	172.1	179.8	191.2	+0.5	2.40
UK Growth Dist	6	108.7	113.5xd	120.7	+0.3	2.46
US Emerging Cos	6	70.42	70.42	75.31	-0.63	-
Income & Growth	6	317.1	317.1	339.1	+1.2	4.13
Ethical	6	57.30	58.64	62.38	+0.12	2.92

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9QG 0244 680066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
M&S Inv P'folio	5¼	115.5	115.7	123.7	+0.5	3.14
Do Accum	5¼	125.4	125.6	134.3	+0.6	3.14
UK Sel P'folio	5¼	99.87	100.7	107.6	+0.9	4.67
Do Accum	5¼	108.2	109.0	115.6	+0.9	4.67

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NPI America Acc	5	77.61	78.05	83.03	-0.43	0.74
NPI America Dist	5	71.94	72.33	76.95	-0.40	0.74
NPI European Acc	5	72.20	72.76	77.40	+0.29	0.08
NPI European Dist	5	70.06	70.60	75.11	+0.28	0.08
NPI Far East Acc	5	99.7	100.5	106.9	-0.04	0.64
NPI Far East Dist	5	98.3	99.0	105.3	-0.04	0.64
NPI Global Dist	5¼	55.06	55.17	59.01	+0.08	3.96
NPI O'seas Acc	5	890.2	895.4	952.6	+1.80	0.94
NPI O'seas Dist	5	689.0	693.2xd	737.4	+1.40	0.94
NPI UK Acc	5	527.0	530.4	564.3	+3.60	3.97
NPI UK Dist	5	285.9	287.7	306.1	+2.00	3.97
NPI Extra Inc Dist	5¼	57.13	57.60	61.60	+0.32	4.67

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administration costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	279.8	279.8	298.2	+2.0	0.76
(Accum Units) ♥	5	329.3	329.3	351.0	+2.4	0.76
British	5	842.9	860.2	910.1	+6.2	5.49
(Accum Units)	5	1413.5	1442.6	1526.2	+10.4	5.49
European	5	335.7	335.7	356.2	+1.1	1.44
(Accum Units)	5	363.9	363.9	386.1	+1.2	1.44
Japan	5	92.08	92.08	97.97	-0.44	-
(Accum Units)	5	92.82	92.82	98.75	-0.45	-
New Pacific	5	200.5	200.5	214.0	+0.6	1.64
(Accum Units)	5	205.9	205.9	219.8	+0.6	1.64
PEP Apr 22	5	159.0	160.6	169.9	+2.1	3.61
Mngd Equity	5	129.2	130.7	138.3	+0.6	2.76
Mngd Equity Acc	5	137.1	138.7	146.7	+0.6	2.76
Mngd Cash	0	95.90	95.90xd	95.90	----	10.13
(Accum Units)	0	120.5	120.5	120.5	----	10.13
Majority Stg	1	99.99	99.99xd	100.99	+0.02	9.88
Majority Stg Acc	1	110.89	110.89	112.00	+0.02	9.88
Stockbrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International Mar 13	0	50.61	50.61	51.01	.....	12.69
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham 0403 232323						
Equity	6	637.5	637.5	681.8	+5.0	2.88
North America	6	82.75	82.75	88.50	-0.68	0.44
Far East	6	84.73	84.73	90.60	-0.50	0.90
W'wide Bond	6	46.95	46.95xd	49.95	-0.06	6.39
European	6	68.55	68.55	73.32	+0.35	0.60
Equity Income	6	70.73	70.73	75.65	+0.41	5.53
Portfolio	6	59.05	59.05xd	63.16	+0.07	2.53
Broker Trusts						
Worldwide Growth	6	47.00	47.00	50.00	.....	2.25
Sun Life of Canada Unit Mgrs Ltd (1000)H						

	Bid Price	Offer Price	+ or -	Yield Gross
M & G Securities Ltd				
Charibond Apr 28		106.67	-0.1	10.11
(Accum Units)		645.66	-0.3	10.11
NAAGIF Apr 28		42.75	+0.7	9.26
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Apr 28	139.0	149.0	.....	1.81
UK Small Co † Apr 28	532.0	598.2	----	3.35
Fixed Interest † Apr 28	112.2	118.1	----	8.47
US Small Co Apr 28	156.2	167.1	----	0.00
Managed Apr 28	112.6	120.6	----	3.53
Intl Bond Apr 28	118.4	125.0	----	10.27
Japan Apr 28	59.32	63.25	----	4.64
European Apr 28	91.68	98.35	----	1.72
Nth American Apr 28	113.4	122.1	----	1.30
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Exmpt Apr 29	55.12	57.33	----	1.70
Euro Exmpt Apr 29	52.90	55.54	----	2.46
Fixed Int Ex Apr 29	48.46	49.66	----	8.75
Japan Exmpt Apr 29	35.93	37.37	----	0.88
Managed Ex Apr 23	46.35	48.21xd	----	4.03
SE Asia Exmpt Apr 29	78.13	82.04xd	----	2.52
Sm Cos Exmpt Apr 29	37.39	39.26	----	3.25
UK Eqty Ex Apr 29	44.89	47.13	----	3.58
Phillips & Drew Fund Management Ltd				
Small Co's Mar 4	656.40	698.79	----	4.04
Do Accum	761.43	810.61	----	4.04
Intl Expt Apr 23	185.55	189.56xd	----	1.67
UK Index Mar 4	1135.99	1150.06	----	4.53
Do Accum	1258.32	1273.91	----	4.53
Convertible Apr 27	98.25	101.34xd	----	7.99
World ex UK Index Apr 28	732.41	740.93	-8.34	2.21

	Bid Price
Allied Dunbar Assurance	
Gan 4	
Fixed Int Dep Acc	27.8
Equity Acc	27.9
Property Acc	22.9
Far East Acc	22.3
European Acc	22.8
Managed Acc	27.8
Overseas Acc	29.8
Gilt Acc	30.5
Am Equity Acc	27.3
Am Managed Acc	26.6
Am Property Acc	21.4
High Income Acc	25.4
High Income Ser 2	25.3
Pension Funds	
F.I Dep Cap	368.5
F.I Dep Acc	698.1
Prop. Cap	497.9
Prop Acc	1043.6
Man. Cap	913.4
Man. Acc	1924.4
Gilt Edged Cap	384.1
Gilt Edg. Acc	656.7
Eq. Cap	1495.6
Eq. Acc	2374.0
Am. Eq Cap	186.6
Am. Eq Acc	249.2
Far East Cap	194.7
Far East Acc	260.0
Euro Cap	31.3
Euro. Acc	37.6
B.S. Cap	432.2
B.S. Acc	795.9
D.A.F. Cap	332.3

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

		Bid Price	Offer Price	+ or -	Yield Gross
Asset Global Funds Ltd (1200)					
Victory Hse, Prospect Hill, Douglas, IoM 0624 620097					
European Equity	5	[illegible]	15 09	-0 02	-
UK Gilt	5	10.532	10 88	+0 03	-
Intl Equity	5	14.696	15 63	-0 14	-
International Bond	5	5.1183	5 397	[illegible]	-
Ashburton Managed	5	0 9786	1 0279	[illegible]	-
European Bond	5	1.0167	1.0718	[illegible]	-
Sterling Cash Inc	5	.9782	1 0272		-
CMI Fund Managers (IoM)					
Clerical Medical Hse, Douglas, IoM 0624 625599					
High Income	5	0 4847	5103	[illegible]	10 36
CMI Core Portfolio Fund					
UK	5	1.0684	1 1445	[illegible]	-
USA	5	1.0592	1.1239		-
Japan	5	0.4532	0.4774	[illegible]	-
Equity & Law Intl Fund Mngrs Ltd					
Victory Hse, Prospect Hill, Douglas IoM 0624 677877					
Total Income Fd	5	96.21	101.26	+0.03	10 2
Gartmore Fund Managers (IoM)					
PO Box 32, Douglas, IoM 0624 627610					
Intl Grth	5½	490 9	526 1	+3	0 9
Leopold Joseph Fund Mngrs (IoM) Ltd					
PO Box 52 Athol St Douglas IoM					
LJ International	5½	95.14	102 44	0 40	-
Mercury Fund Managers IoM Ltd					
11 Hill Street, Douglas IoM 0624 662255					
Merc IoM Fund	5	105.5	112.6	+0.58	6 9
Merc Intl Bond	5	49 80	52.35	+0.02	8.5
Sun Life Management (IoM) Ltd					
PO Box 178, Douglas, IoM 0624 622444					
Secure High Income	6	1 0444	1 1196	[illegible]	04
Unibank Scandinavian Fund Ltd					
23 Bucks Road, Douglas, IoM 06246 25484					
Scandinavia Fd	5	136.02	145.02		1.0

ISLE OF MAN (REGULATED)(**)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Citibank (CI) Ltd "Citifunds"						
Short term Investment Funds						
Irish £ Apr 30			117.291		+0 216	-
Equity Funds						
Japan Equity Apr 30			57.189		+0.199	-
US Em Hlth Apr 27			$22.308		-0 879	-
US Em Tech Apr 27			$18.884		-0.354	-
Citicare Apr 27			$34.229		-1.354	-
Bond Funds						
GRBMA Bond Apr 27			$14.780	14 807	+0.015	-
HYB (A) Apr 27			$86 642.366		+45.753	-
EBC Trust Company (Jersey) Ltd						
Income			$15 16	15.625		2.75
Capital			$23.59	24 318	+0.010	5.50
*Offer price includes 3% prelim. charge						
Eurobd. Long Term*			$33 10	34 6000		4 88
* Offer Price includes 3½ % Initial Charge						
Equitilink International Mngt Ltd						
First Aust Prime Inc Inv Co Ltd NAV Apr 23 C$12.72						
First Aust Prime Inc Inv Co Ltd NAV Apr 23 US$10 73						
NAV Diluted to reflect exercise of all Wrts C$12.41 US$10.47						
Fidelity Investment (CI) Ltd						
Sterling American			£2 446	2.574	+0 004	-
Fleming Group						
Deutschland Inv Co NAV			DM16.53		(u)	-
Foreign & Colonial Mngmt (Jersey) Ltd						
US$ Cash			$10.67			-
Multicurrency Cash			$16 41		-0.06	-
Sterling Cash			£21.79			-
US$ Bonds			$14.61		+0 01	-
Multicurrency Bonds			$19.34		-0.02	-
Sterling Bonds			£13.23			-
D Mark Bonds			DM10.44			-
Ecu Bonds			Ecu11.62		-0 01	-
UK Equities			£10.79		-0 02	-
US Equities			$16 27		+0 02	-
Japanese Equities			Y614			-
Global Equities			$10 49		+0.01	-
John Govett Management (Jersey) Ltd						

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Mixed feelings about dollar

A PUBLIC holiday in Japan ensured that yesterday was the quietest day in some time on the foreign exchange markets. But compounding the slowness of trading was continued uncertainty about the dollar, which held to a narrow trading range throughout the day, *writes James Blitz.*

Traders continued to feel jaded about the US currency in the wake of a mixed batch of economic indicators, none of which has conferred the seal of approval on the expected economic recovery. On Tuesday, indicators showed a 2 per cent rise in GDP in the first quarter but were disappointing on the issue of new home sales, which plunged 14.8 per cent in March.

The picture was darkened yesterday by disappointing US income data, in which most March gains were concentrated in the farm sector rather than industry.

The dollar ended a touch firmer against the D-Mark at DM1.6565, up from DM1.6555, but never broke out of its trading range. In Europe, however, traders may have stayed their hand in anticipation of figures for quarterly refunding of Treasury bonds, which came too late for the markets. In New York the dollar finished slightly higher at DM1.6575.

Dealers believe today's weekly jobless figures from the US government may have some effect on the dollar. But Mr Neil MacKinnon, chief economist at Yamaichi Bank, thinks the currency will have to struggle hard if it is to break through its next big target rate against the D-Mark.

He said: "You really need some fairly substantial data to see a breakthrough to DM1.6750." Similar to other City economists, he believes dollar trading will remain mostly quiet until the US government's monthly employment figures are issued a week from tomorrow.

The dollar again firmed slightly against the yen, to Y133.45 from Y133.25, partly helped by a public holiday in Japan. A trader said: "Without the Japanese in the picture, there is no yen market." It closed in New York at Y133.45.

The fall in the yen, however, will still come as a disappointment to the Bank of Japan, which does not want the currency to weaken against the dollar as it tries to reduce Japan's huge trade surplus. It was said to have intervened in the market on Monday night to the tune of $100m in an attempt to strengthen the yen.

For the first time this week, the D-Mark appeared steadier. In spite of the mounting economic crisis in Germany, there is no doubt that high German interest rates are here for some time to come.

The D-Mark gave sterling its first difficult day of the week, with the pound closing ½ pfennig down at DM2.9325. One dealer, bewildered by more profit-taking against the pound, said: "Everyone seems too long of the currency at present."

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 29	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.953	-3.50	4.96	60
Portuguese Escudo	178.735	173.374	-3.00	4.41	49
Belgian Franc	42.4032	42.2419	-0.38	1.67	22
Dutch Guilder	2.31643	2.31083	-0.24	1.53	15
D-Mark	2.05586	2.05338	-0.12	1.41	12
Irish Punt	0.767417	0.769043	0.21	1.07	-6
Sterling	0.696904	0.699252	0.34	0.94	-8
Italian Lira	1538.24	1544.24	0.39	0.89	-16
French Franc	6.89509	6.92528	0.44	0.84	-20
Danish Krone	7.84195	7.94254	1.28	0.00	-55

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7700 - 1.7770	1.7700 - 1.7710	1.01-0.99cpm	6.78	2.89-2.86pm	6.50
Canada	2.1140 - 2.1240	2.1145 - 2.1155	0.74-0.70cpm	4.09	2.00-1.91pm	3.70
Netherlands	3.2950 - 3.3100	3.2950 - 3.3050	⅜-⅛cpm	0.91	⅝-⅜pm	0.61
Belgium	60.25 - 60.50	60.30 - 60.40	7-3cpm	0.99	15-8pm	0.76
Denmark	11.3425 - 11.3675	11.3450 - 11.3550	⅜orepm-par	0.40	1⅜-⅜pm	0.31
Ireland	1.0975 - 1.1015	1.0975 - 1.0985	0.02-0.05cdis	-0.38	par -0.07pm	0.13
Germany	2.9300 - 2.9400	2.9300 - 2.9350	¼-⅛pfpm	0.77	⅜-¼pm	0.43
Portugal	246.60 - 248.10	246.80 - 247.80	49-73cdis	-2.96	148-195dis	-2.77
Spain	183.50 - 184.50	183.55 - 183.85	22-28cdis	-1.63	81-93dis	-1.89
Italy	2205.25 - 2210.25	2205.50 - 2206.50	2-4liredis	-1.63	8-11dis	-1.72
Norway	11.4500 - 11.4750	11.4500 - 11.4600	½-⅛orepm	0.33	½-parpm	0.09
France	9.8800 - 9.9100	9.8825 - 9.8925	½-¼cpm	0.46	⅝-⅜pm	0.23
Sweden	10.5800 - 10.6075	10.5825 - 10.5925	1-1½oredis	-1.42	3-4¼dis	-1.37
Japan	235.50 - 237.25	235.75 - 236.75	1¼-1⅛ypm	6.03	3½-3⅜pm	5.82
Austria	20.62 - 20.68	20.64 - 20.67	2-⅜gropm	0.84	5½-2¼pm	0.75
Switzerland	2.6875 - 2.7025	2.6875 - 2.6975	⅜-¼cpm	1.39	1⅛-⅞pm	1.49
Ecu	1.4280 - 1.4325	1.4295 - 1.4305	0.08-0.03cpm	0.46	0.19-0.09pm	0.39

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.31-5.26pm 12 Month 9.15-9.05pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7700 - 1.7770	1.7700 - 1.7710	1.01-0.99cpm	6.78	2.89-2.86pm	6.50
Ireland†	1.6110 - 1.6160	1.6110 - 1.6120	0.86-0.83cpm	6.29	2.52-2.45pm	6.17
Canada	1.1935 - 1.1950	1.1935 - 1.1945	0.26-0.28cdis	-2.71	0.80-0.84dis	-2.75
Netherlands	1.8565 - 1.8650	1.8635 - 1.8645	0.89-0.92cdis	-5.83	2.63-2.67dis	-5.69
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Apr 29	£	$
Argentina	1.7565 - 1.7595	0.9900 - 0.9910
Australia	2.3355 - 2.3375	1.3165 - 1.3175
Brazil	4170.95 - 4173.65	2350.75 - 2350.95
Finland	7.9750 - 7.9875	4.4970 - 4.5000
Greece	338.890 - 344.250	190.100 - 195.200
Hong Kong	13.7485 - 13.7615	7.7545 - 7.7565
Iran	2560.00*	1445.00*
Korea(Sth)	1372.60 - 1394.70	774.70 - 783.90
Kuwait	0.52425 - 0.52500	0.29520 - 0.29540
Luxembourg	60.30 - 60.40	34.05 - 34.15
Malaysia	4.4700 - 4.4825	2.5235 - 2.5255
Mexico	5358.40 - 5370.30	3079.50 - 3080.50
N Zealand	3.2865 - 3.2905	1.8530 - 1.8555
Saudi Ar	6.6165 - 6.6930	3.7495 - 3.7505
Singapore	2.9270 - 2.9345	1.6530 - 1.6560
S.Af (Cm)	5.0915 - 5.1040	2.8730 - 2.8745
S.Af (Fn)	6.1160 - 6.2225	3.4485 - 3.5085
Taiwan	44.70 - 44.80	25.20 - 25.30
U.A.E.	6.4785 - 6.6555	3.6715 - 3.6735

*Floating rate. Iran Official rate £117.50 $66.80

MONEY MARKETS

Rates creep higher

RATES IN the UK money market moved higher yesterday as traders held back paper in anticipation of a large end-of-month shortage today.

As usual, a large shortage was anticipated on the last day of the month, as banks carry out particularly large payments to the Bank of England on behalf of clients. That shortage will be compounded this time by the large £2.5bn gilt auction launched by the Treasury yesterday.

Discount houses were therefore anticipating a rise in rates today and limited their trading with the Bank of England. "People are not selling paper today, thinking that they will get better value tomorrow," said Mr John Trimming of Union Discount.

As a result, short-term period rates ended slightly higher in the interbank market. One month rates ended at 10¾-⅝ per cent, about 1/16 up on the previous day's close. The overnight rate also closed at 10¾-⅝ per cent, having gone over 11 per cent at several points of the day. Dealers said that the one-week rate was also up, ending at 10¾-⅝ per cent, about ⅛ higher on the previous day's close.

In the discount market, the Bank of England forecast a shortage of around £700m, and in early operations purchased £2m of Band-1 bank bills at 10⅜ per cent, £16m of Band-3 bank bills at 10 5/16-¼ per cent and £24m of Band-4 bank bills at 10 7/16-⅛ per cent.

The forecast was revised to around £850m before taking account of the early operations. The Bank purchased £8m of Band-1 bills at 10⅜ per cent, £11m of Band-2 bills at 10⅜ per cent, £5m of Band-3 L.A. bills at 10⅜ per cent, £56m of Band-3 bills at 10⅜ per cent and £131m of Band-4 bills at 10 5/16 per cent.

The forecast was again revised to £950m. In the afternoon the Bank purchased £226m of Band-1 bills at 10⅜ per cent and £4m of Band-4 bills at 10 5/16 per cent. The Bank then provided late assistance of around £360m.

In Germany, call money rates fell to 9.60-65 per cent from 9.60-70 per cent after monthly pension payouts were returned to the banking system. One trader said that month-end liquidity was now adequate.

There was no regular securities purchase offered by the Bundesbank and the next one is due on May 6.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

MONEY RATES

Apr 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.50-9.60	9.70-9.80	9.70-9.80	9.70-9.80	9.70-9.80	9.75
Paris	9¾-10	9¾-10	9 15/16-10 1/16	9 15/16-10 1/16	9 15/16-10 1/16	9.60
Zurich	7¾-8¼	8½-8¾	-	8½-8¾	-	-
Amsterdam	9.00-9.25	9.42-9.50	-	9.46-9.54	-	-
Tokyo	-	-	-	-	-	-
Milan	12¼-12½	12-12¼	-	12¼-12½	-	-
Brussels	9⅝-9¾	9½-9⅝	-	9⅝-9¾	-	-
Dublin	9¾-10	10 3/16-10 5/16	10⅜-10½	10⅜-10½	10 7/16-10 9/16	-

LONDON MONEY RATES

Apr 29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11½	10¾	10¾	10⅝	10½	10½
Interbank Bid	10½	10⅝	10⅝	10½	10⅜	10¼
Sterling CDs	-	-	10⅝	10½	10⅜	10¼
Local Authority Deps.	10 11/16	10 9/16	10⅝	10½	10 13/32	10¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅝	10 13/32	-	-	-	-
Company Deposits	-	-	10 13/16	10 11/16	10 9/16	10⅜
Finance House Deposits	-	-	10⅞	10½	10½	10⅜
Treasury Bills (Buy)	-	-	10¼	9 15/16	9⅞	-
Bank Bills (Buy)	-	-	10 3/32	9 31/32	9⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.85	3.90	4.05	4.55
SDR Linked Dep Offer	-	-	6½	6⅝	6 11/16	6¾
SDR Linked Dep Bid	-	-	6⅜	6½	6 9/16	6⅝
ECU Linked Dep. Offer	-	-	9⅞	10 1/16	10⅛	10¼
ECU Linked Dep. Bid	-	-	9¾	9 15/16	10	10

Treasury Bills (sell): one-month 10⅛ per cent; three months 9 15/16 per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10¼ per cent; three months 9 15/16 per cent; Treasury Bills; Average tender rate of discount 9.8109 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 30, 1992. Agreed rates for period May 26, 1992 to June 23, 1992, Scheme I: 11.75 p.c., Schemes II & III 11.93 p.c. Reference rate for period April 1, 1992 to April 30, 1992, Scheme IV&V: 10.685 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from April 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent. Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

Open Int 61,341 17,576 5,472 34,647 14,591 5,472
Estimated volume 16,182 Total Open Interest 139,099

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Lawrie	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Equatorial Bank plc	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Financial & Gen. Bank	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	First National Bank Plc.	14	Provincial Bank PLC	14
Bank of Cyprus	10.5	● Robert Fleming & Co.	10.5	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	Robert Fraser & Ptnrs.	11	Royal Bk of Scotland	10.5
Bank of India	10.5	Girobank	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	● Guinness Mahon	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Hambros Bank	10.5	TSB	10.5
Barclays Bank	10.5	Hampshire Trust Plc	13.5	Unibank plc	10.5
Beechmark Bank	11	Heritable & Gen Inv Bnk.	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	● Hill Samuel	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	C. Hoare & Co.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	Hongkong & Shanghai	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Julian Hodge Bank	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Lloyds Bank	10.5		
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5				

● Members of British Merchant Banking & Securities Houses Association.

FT LONDON INTERBANK FIXING

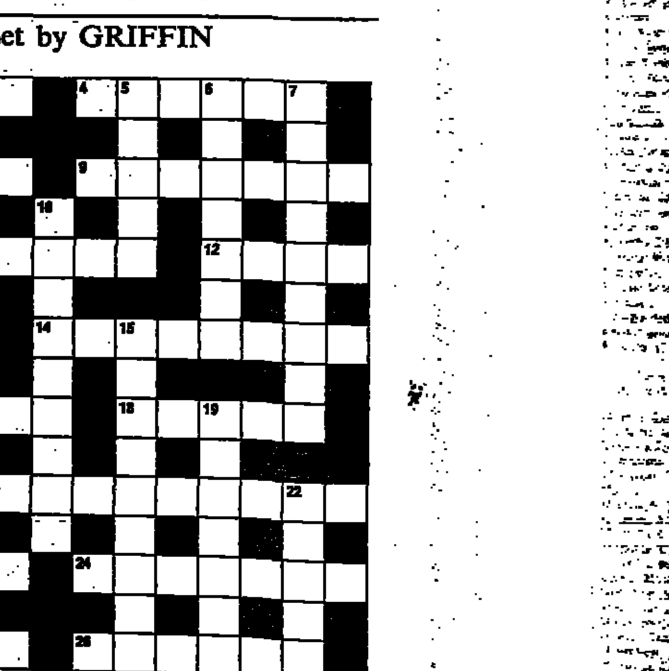
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

7,836 Set by GRIFFIN



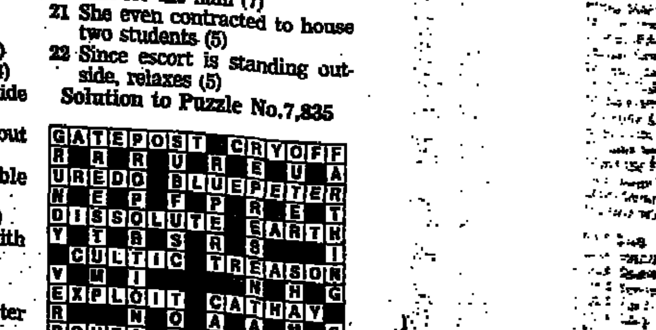
ACROSS

1 To step back requires certain part of shoe (6)
4 Finding doctor in bank, beam (6)
8 Figure is about right height (7)
9 Praise double parking, backing it (7)
11 Relocate back street factory, managed internally (10)
12 Are speaking of decoration on dressing-gown (4)
13 Disinfectant some silly soldiers used (5)
14 Orders new case for a Parisian ball-game (8)
16 Deep inside? (8)
18 Drive into iron structure (5)
20 Intimidates farm animals (4)
21 Incited to finish bottle inside (10)
23 Defensible tale Ben put about (7)
24 Notice a bit of The Bible that's unfavourable (7)
25 Saw Scottish one in sink (6)
26 Decorates winding road with poles (6)

DOWN

1 Going outside to turn quarter off coach (5)
2 During sex change nurse gets offers (7)
3 Ugly copra storage tower erected behind citadel (9)
5 At home least as missing the opening (5)
6 Obscure ruler runs into Bond on leaving (7)
7 Repay soldiers with rubies reproduced outside Minehead! (9)
10 Fancy Marti knowing dignified old woman! (9)
13 Capital folk (9)
15 Being discovered in nude frolicking is unjustified (9)
17 Great joy as cyst's removed after fourth attempt (7)
19 Said you are after an assistant for the ham (7)
21 She even contracted to house two students (5)
22 Since escort is standing outside, relaxes (5)

Solution to Puzzle No.7,835



WORLD STOCK MARKETS

AUSTRIA

April 29	Sch	+ or –
Austrian Airlines	2,393	–7
Creditanstalt Pf	510xd	+1
EA General	3,490	–5
EVN	842	+2
Jungbunzlauer	14,300	+500
OeMV	890	–14
Perlmooser Zement	1,650	....
Radex Heraklith	561	–1
Reininghaus Brue	1,660	+2
Steyr Daimler	218	–1
Veitscher Magnesit	344	+2
Verbund (Br) A	520	–1
Wienerberger	4,470	–5
Z-Laenderbank	1,085	–5

BELGIUM/LUXEMBOURG

April 29	Frs.	+ or –
ACEC-Union Min	2,340	+25
AG Group	1,990	+20
Arbed	3,870	–50
BBL	3,410	....
Bank Intl a Lux	12,100xd	....
Banq Gen Lux Pts	12,400	....
Barco	1,262	+6
Bekaert	12,800	+175
CBR Ciment	8,290	–70
CMB	2,160	+20
Cobepa	5,110	....
Cobepa AFV 1	4,965	–20
Cockerill Priv	159	+4
Colruyt	4,750	+90
Delhaize Frs Lion	9,100	+60
Electrabel	4,895	–10
Electrabel AFV	4,840	–30
Electrafina ACT	2,605	–5
GBL	3,270	–10
GBL AFV 1	3,260	....
GIB Group	1,426	–4
GIB Group AFV	1,340	–6
Gechem	333	....
Gechem AFV	341	....
Generale Banque	6,410	+10
Gen Banque AFV1	6,350	....
Gevaert	7,030	....
Kredietbank	4,880	–15
Kredietbk AFV	4,855	–10
Pan Holding Lux	13,250	–200
Petrofina	10,850	+50
Powerfin	2,520	+5
Powerfin AFV	2,490	....

FRANCE (continued)

April 29	Frs.	+ or –
Beghin-Say Cert Inv	490	+5
Bongrain	3,115	+26
Bouygues	659	+10
CGIP	1,268	–4
C M B Packaging	185	+2.90
Canal+	1,183	+20
Cap Gemini S	329	+4.20
Carrefour	2,599xd	+50
Casino	173.40	+4.40
Cetelem	795	–15
Chargeurs	1,173	+5
Club Mediterranee	548	+7
Cogifi	343.10	+1.10
Coparex	605	....
C C F	187	....
Cr Fonc France	950	–4
Cred Lyon (CI)	648	+6
Credit Nationale	1,109	–8
Damart	2,910	–39
Docks de France	424	–2.50
Dollfus Mieg Cie	319	+12
EBF	889	–6
Eaux Cie Genl	2,340	+31
Ecco	470	+3
Elf-Aquitaine	395	+11
Elf-Aquitaine Certs	266	+3.50
Essilor Int	480	+10.10
Etex	2,120	+20
Eurafrance	1,592	–13
Eurocom	641	+4
Euro Disney	138.80	+3.80
Exor	1,400	....
Floextel	120.10	–2.40
Fonc Lyonnaise	672	+2
From C et Aur	3,070	+60
GTM-Entrepose	440	....
Gal. Lafayette	1,890	–35
Gaumont (Soc N)	585	+15
Geophysique	649	–5
Hachette	147.50	+5.20
Havas	525	+9
Imetal	355.10	+10.10
Imm de France	901	+1
Immobanque	662	+1
Immob Phenix	136	–1.10
Industrielle	6,950	–260
Interbail	465	–1
Intertechnique	840	+5
LVMH	4,417	–28
Lafarge Coppee	384	+7
L'Oreal	863	+9

CANADA

TORONTO

4:00 pm prices April 29

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
2900	Abitibi Pr	$14¾	14½	14¾	+¼
4700	AgnicoEa	425	415	425	–15
10100	Air Cda	$5⅞	d5⅝	5¾	–⅛
20300	Alberta En	$10¼	10	10⅛	
200	AlbNtGas	$13¾	13¾	13¾	
236800	Alcan Al	$25⅛	24¾	25⅛	+¼
134500	Am Barr	$27	d26⅝	27	–⅛
24300	Asco Cl 1	$11¼	11⅛	11¼	+⅛
102000	Bk Montr'l	$43⅞	43½	43¾	+¼
107900	Bk Nova Sc	$19⅞	19⅝	19¾	
10200	BC Sugar A x	$9⅝	d9¼	9¼	–⅜
424100	BCE Inc	$44⅛	43½	44	+½
14600	Belmoral	12	11	11	
7400	BGR A	$6	5⅞	5⅞	
98900	Bomb'dierB	$14	13¾	13⅞	
24100	Bow Valley	$10⅝	10½	10⅝	–⅛
8700	BP Canada	$13⅞	13⅝	13⅞	+¼
141800	Bramalea	325	280	320	+35
61000	Brascan A x	$15⅞	15½	15⅞	+½
107600	Breakwater	55	52	53	+1
26700	BC Tel	$21¼	d20⅞	20⅞	–⅜
4700	Bruncor	$18⅜	d18¼	18¼	–⅛
1000	Brunswick	$7¼	7¼	7¼	
74100	CAE Ind	$6⅛	d6	6	
2200	Cambior	$7¼	7⅛	7¼	+⅛
7600	Cambridge	$17½	d17⅜	17½	+½
26900	Cameco	$16	15⅞	15⅞	
1000	C'bell Res	48	48	48	
195800	CanImpBk	$28⅛	27⅞	28	+⅝
1600	Can Occid	$25¼	25⅛	25⅛	
334700	Can Pac	$18	17⅞	18	+½
200	Can Tire x	$20	20	20	
43000	CanTire A x	$18½	18¼	18½	+¼
9000	Can Util A	$20	19⅞	20	
1300	Canamax	30	d30	30	
12300	Canlor	$26⅞	26¼	26⅞	+⅜
5500	CnPcForest	$26¾	26½	26½	+¼
2800	Cara Op	475	475	475	+10
100	Cascades	$7⅜	7⅜	7¼	
200	Celanese	$45¾	45¼	45⅝	
8700	Cntrl Cap	22	d20	20	–2
2500	Coeps Odn	320	320	320	
2200	Cntrl Fd A	440	440	440	–10
25800	Cominco	$20	19⅞	20	+⅛
2000	Coputalog	62	62	62	

Sales	Stock	High	Low	Close	Chng
50200	Corel Svs	$21	20¼	20⅞	+⅛
200	CoscanDev	$7	d7	7	
17400	Crown'x A	125	122	124	+2
400	Denison A	37	37	37	
1400	Derlan	$6½	6⅜	6½	+¼
6200	Dofasco	$15¾	15½	15⅝	–⅛
8500	Domtar Txt	$8½	8	8⅛	–⅜
3600	Domtar Inc	$8⅝	8½	8⅝	+⅛
2700	Du Pont A	$47	46¾	47	–⅛
5600	DundeeBncA	240	235	240	+4
223600	Echo Bay M	$6⅞	d6½	6¾	–⅛
1600	Emco Ltd	$8⅛	6⅛	6⅛	
3800	Empire	$12⅝	12½	12⅝	+⅛
26100	Euro Nev	$14½	d13¾	13¾	–1
4600	FPI Ltd	420	405	405	–10
42300	FalnbrgAVnr	$9¾	9⅛	9½	–¼
198600	Finning	$12	d12	12	
22500	Fst Mara A	$10¾	10⅛	10¼	+¼
2400	Fortis	$21⅞	21⅞	21⅞	
19700	Four Seasn	$19	18½	18⅞	–⅛
2000	FrancoNev	$23¼	23	23	–⅝
22000	Galactic	19	17	17	–1
3000	Gendis A	$19⅝	19⅝	19⅝	
5600	Glamis Gld	320	d315	315	–10
21500	Granges	105	105	105	
3300	GtW Lifeco	$14⅝	14⅝	14⅝	
69700	Gulf Cda R	$7⅝	7¼	7⅝	+⅜
600	GW Utils	$7¼	7⅛	7¼	+⅛
200	HarrisSt A	$6⅞	6⅞	6⅞	
200	Hawker Sid	$25⅛	25¼	25	
150200	Hees Ind	$15¼	15	15	
111400	Hemlo Gold	$8⅛	d8	8⅛	
3600	Hollinger	$11½	d11¼	11⅜	+⅛
4300	Home Oil	$15⅞	15⅞	15⅞	
54000	Horsham	$8½	8⅜	8⅜	
400	HudsBayM&S	$6⅛	6⅛	6½	
6800	HudsonsBay	$29¾	29⅜	29½	–⅛
52700	Imasco	$37¼	35⅞	37	+1
75500	Imp Oil	$40	39⅝	40	+¼
138200	Inco x	$33⅞	33⅛	33⅞	+¼
62200	Int Corona	420	410	420	+5
8700	Invest Grp	$24¼	24¼	24¼	
4600	Ivaco A	310	310	310	
4700	Jannock	$16	15½	16	+¼
100	KerrAddis	$15¾	15¾	16⅛	
156800	Labatt	$25⅝	25⅛	25⅝	+⅛
194000	Lac Minls	$7⅛	d6⅞	7⅛	+⅛
200	Lafarge	$19¾	19¾	19¾	
5400	Laidlaw A x	$11⅞	11¼	11⅞	
306000	Laidlaw B x	$11½	11¼	11⅝	
2500	Laurent Bk	$20¾	20½	20½	

Sales	Stock	High	Low	Close	Chng
600	Laurent Gp	$5¾	d5¾		
3500	Lawson Mar	$9	9		
112300	Loblaw	$17½	17⅛		
71100	Mackenzie	$5¾	5⅝		
85100	Macm Bl	$17⅞	17⅝		
375300	Magna IntA	$29¼	27¾		
19400	Mpl Lf Fds	$16⅞	16½		
5100	Marit T&T	$20⅜	d20¼		
1400	Mark Res	$5¼	5⅛		
13600	MDS Hlth B	$19¼	19		
1200	Metall Min	$12	12		
500	Minnova	$16½	16⅜		
65700	Mitel Corp	182	175		
77200	Molson A	$32⅝	32		
40000	Moore Corp	$25⅛	24⅞		
2200	Muscocho	5½	5½		
111000	Nat Bk Can	$9	8⅞		
9600	Noma Ind A	$6¾	6⅛		
1900	NorandaFor	$7⅞	7⅞		
199100	Noranda	$17½	16¾		
800	NorcnE.12	$22½	22¼		
5000	NorcnNVtg	$18⅝	18⅝		
207800	Nth Tele	$49⅛	48½		
5000	Northgate	70	d70		
806300	Nova Corp x	$8⅛	8		
400	Nowsco WSv	$8	8		
1300	Numac Oil	495	495		
74000	Ocelot A	$13⅞	13⅝		
7100	Onex Corp	$7⅝	7½		
40100	Oshawa A	$17⅞	17⅝		
45300	PWA Corp	$5⅝	5½		
6100	Pagurian A	445	440		
2500	Pancdn Pet	$24¼	24¼		
8000	Pegasus	$13⅝	13⅝		
4500	Pioneer Mt	13	d10		
138800	PlacerDome	$11¼	11⅞		
5200	Poco Pet	$5⅛	4 96		
85800	Power Corp	$14⅝	d14⅛		
9100	Power Fin	$19½	19⅜		
5000	Provigo	$7⅞	d7⅞		
6100	Quebecor A	u$13	12⅞		
544600	Ranger Oil	$8⅜	8¼	8⅛	+⅛
20700	Rayrock	$5⅛	5⅛	5⅛	
100	Reed Sten	$22	22	22	
3000	Reitman S	$18	18	18	
74900	Ren'ssance	$13½	13⅜	13½	+⅛
12300	Repap Ent	460	455	455	+5
4000	Rio Algom	$18¼	18	18⅛	+⅛
138400	RogersComB	$13½	13¼	13½	+¼
100	Rothmans	$93	93	94	
175200	RoyalBkCan x	$24⅛	23⅞	24	+¼
35800	Ryl Oak Mn	165	155	155	+3

MONTREAL

4:00 pm prices April 29

Sales	Stock	High	Low	Close	Chng
1800	DomnTxt A	$8¼	8⅛	8⅛	–⅛
7000	MacleanHnl	$11¾	11⅝	11¾	+¼
81100	NatBk Can	$9	8⅞	8⅞	–⅛
92700	Provigo	$8	d7¾	7⅞	
900	Quebecor A	$13⅛	12⅞	13	+⅛
4500	Teleglobe	u$12⅞	12¾	12¾	–⅛
18100	Videotron	$15¾	15½	15½	–¼

Total Sales 9,875,900 shares

INDICES

NEW YORK

DOW JONES	Apr 29	Apr 28	Apr 27	Apr 24	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3333.18	3307.92	3304.56	3324.46	3366.50 (16/4)	3172.41 (2/1)	3366.50 (16/4/92)	41.22 (2/7/32)
Home Bonds	99.18	99.08	98.87	98.91	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1367.53	1353.33	1350.15	1360.24	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.50	207.75	206.69	207.69	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3353.76 (3329.83) Low 3295.39 (3273.05)

STANDARD AND POOR'S

	Apr 29	Apr 28	Apr 27	Apr 24	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	412.02	409.11	408.45	409.02	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	488.05	484.59	483.72	484.38	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.60	34.12	34.26	34.49	35.14 (15/1)	32.40 (8/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	226.58	225.12	224.94	225.12	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	385.78	383.04	384.98	385.98	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	569.94	560.33	566.94	572.89	644.92 (12/2)	560.33 (28/4)	644.92 (12/2/92)	54.87 (31/10/72)

	Apr 24	Apr 10	Apr 3	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.85	2.85	3.47

	Apr 22	Apr 15	Apr 8	year ago (approx.)
S & P Industrial div. yield	2.63	2.57	2.70	2.74
S & P Indl. P/E ratio	28.80	29.46	27.95	18.70

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Ford Motor	4,051,600	45⅝	+ 1¾
Glaxo	3,959,000	25¼	- ¼
Chrysler	3,873,300	19⅞	+ ⅞
Intl Family	3,592,500	14	
Arkla	3,118,700	7⅜	+ ¼
Gen Motors	2,600,100	42⅞	+ 2
Du Pont	2,336,600	52⅝	+ 1⅝
Cooper Inds	2,101,600	50¼	- 1⅝
Eastman Kodak	1,983,600	39¼	+ 1¼
Boeing	1,795,700	43⅞	- ½

TRADING ACTIVITY

† Volume (Millions)	Apr 29	Apr 28	Apr 27
New York SE	206.750	186.710	172.820
Amex	10.644	12.429	12.101
NASDAQ	(u)	187.482	152.141
NYSE			
Issues Traded	2,219	2,245	2,220
Rises	1,091	719	791
Falls	606	960	881
Unchanged	522	566	528
New Highs	60	31	37
New Lows	14	28	23

CANADA

TORONTO	Apr 29	Apr 28	Apr 27	Apr 24	1992 HIGH	1992 LOW
Metals & Minerals	3011.14	2977.67	2976.85	2990.12	3238.87 (16/1)	2828.26 (8/4)
Composite	3357.00	3337.90	3326.45	3349.69	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1763.49	1749.92	1740.62	1751.86	1937.59 (16/1)	1727.04 (8/4)

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

	Apr 29	Apr 28	Apr 27	Apr 24	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1629.8	1605.8	1602.9	1609.6	1675.60 (15/1)	1545.30 (9/4)
All Mining (1/1/80)	694.4	686.4	689.0	690.7	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	408.65	409.69	409.00	413.04	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	968.09	970.59	969.54	979.76	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1206.88	1206.26	1210.38	1221.58	1234.72 (3/3)	1097.23 (6/1)
DENMARK						
Copenhagen SE (3/1/83)	331.02	331.38	333.02	334.04	365.29 (15/1)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	817.3	818.7	817.7	815.3	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	540.41	539.01	536.18	537.62	540.41 (29/4)	475.53 (2/1)
CAC 40 (31/12/87)	2036.72	2006.62	1995.72	1984.91	2036.72 (29/4)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	703.09	706.33	708.46	710.81	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	1979.7	1990.0	1996.1	2003.8	2026.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1735.91	1735.94	1742.22	1745.70	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5362.41	5423.39	5371.77	5330.17	5423.39 (28/4)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1436.16	1438.31	1432.26	1422.40	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Comm. Ital (1972)	503.66	507.58	508.43	508.56	551.59 (6/2)	496.23 (9/4)
MIB General (2/1/92)	993.0	1001.0	1002.0	1002.0	1086.00 (5/2)	977.00 (30/3)
JAPAN						
Nikkei (16/5/49)	(c)	17527.40	17450.52	17542.45	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	(c)	1319.00	1312.85	1313.91	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	(c)	1923.06	1926.26	1925.44	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	585.12	583.62	581.02	583.71	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tot Rtn Gen (End 1983)	303.6	302.8	300.9	301.0	303.60 (29/4)	274.00 (8/1)
CBS All Shr (End 1983)	212.3	211.9	210.6	210.7	212.30 (29/4)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	721.05	706.64	710.08	708.21	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1228.24	1211.48	1190.87	1174.68	1303.30 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	387.92	385.75	383.99	383.74	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1010.0‡	1028.0	1017.0	1006.0	1327.00 (21/1)	1006.00 (24/4)
JSE Industrial (28/9/78)	4292.0‡	4252.0	4227.0	4216.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	612.72	597.24	608.06	595.88	691.48 (8/2)	569.65 (10/4)
SPAIN						
Madrid SE (30/12/85)	249.79	249.17	249.93	250.03	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen (1/2/37)	980.9	979.6	987.1	987.3	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	843.0	834.0	839.1	838.5	843.00 (29/4)	748.50 (8/1)
SBC General (1/4/87)	655.8	652.7	656.0	655.5	657.30 (23/4)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4513.19	4523.95	4486.45	4480.12	5391.63 (30/1)	4405.44 (13/4)
THAILAND						
Bangkok SET (30/4/75)	756.90	768.11	774.52	794.81	832.39 (7/4)	711.81 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	492.6°	491.6	491.0	490.3	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	952.39	947.28	949.12	943.09	952.39 (29/4)	870.31 (2/1)

**Saturday April 25 Taiwan Weighted Price 4441.57, Korea Comp Ex 594.88
‡ Subject to official recalculation °Calculated at 15.00 GMT
Base values of all Indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable

4:00 pm prices April 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	12¼	AAR Corp x	0.48	3.5	16	320	13¾	13⅝	13¾	
26	20⅝	A L Labs A	0.18	0.8	110	185	23¼	22⅞	23¼	+⅛
68¾	56	AMP Inc x	1.52	2.6	24	1666	59½	58¼	58¾	-¼
80¼	64¼	AMR				3325082	67⅝	65⅞	66½	-⅝
2⅜	1⅛	ARX			2	42	2⅛	2	2	
53½	41	ASA	2.00	4.9	11	542	41¾	d41	41	-⅛
68¾	58¼	Abbott Lab	1.20	1.8	24	8119	65⅝	64⅛	65½	+1¼
13⅞	12	Abitibi Pr	0.43	3.5	8	13	12½	12⅜	12⅜	
11⅝	10⅛	ACM Gvt In	0.96	9.1		747	10½	10⅜	10½	+⅛
10⅜	9⅛	ACM GvOpp	0.80	8.5		42	9½	9⅜	9⅜	
9½	8½	ACM Gvt Sp r	0.80	9.1		277	8¾	8⅝	8¾	
11⅛	10⅛	ACM Gvt Sa t	0.96	9.2		298	10⅜	10¼	10⅜	+⅛
9⅞	8⅝	ACM Man	0.95	10.6		416	9⅛	9	9	-⅛
12⅞	10⅝	ACM Managd	1.08	9.8		114	11	10⅞	11	
11¼	7	Acme Cleve x	0.40	5.1	34	412	8⅛	7⅝	7⅞	-⅛
6¼	4½	Acme Elect			4	50	5⅞	5⅞	5⅞	-⅛
33¼	18⅞	Acuson			13	1023	20¾	20	20⅝	+⅝
19½	18⅛	Adams Expr	0.48	2.6	0	81	18⅝	18½	18⅝	+⅛
15½	13	Adobe12PI	2.40	16.7		31	14⅝	14⅜	14⅜	-½
5¼	4½	Adobe Res			2	30	5¼	5¼	6⅛	
49⅛	39	Ad Micro	3.00	7.1		385	42⅛	41	42¼	+2⅛
21½	14⅝	Ad Micro P	3.00	17.9		69507	16⅞	16⅛	16¾	+1¼
9⅛	5	Advest Grp	0.16	2.4	67	44	6¾	6½	6¾	+¼
71¼	67⅛	Aegon ADR	1.50	2.1	6	3	69⅞	69¾	69⅞	+⅛
47	39	Aetna LI x	2.76	6.4		91869	43	42	43	+1⅛
12	8⅜	Affil 4	0.24	2.3	11	385	10⅜	10⅛	10⅜	+⅛
32⅞	24	Aflac	0.44	1.6	15	1304	27¾	26	27¾	+1¾

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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
1½	½	Zapata			28	338	1⅛	1⅛	1⅛	
11⅛	6¾	ZenithElec				33435	7½	7	7½	+½
17¾	14½	Zenith Nat x	1.00	6.1	7	107	16½	16⅜	16⅜	+¼
6⅞	6	Zenix Inc x	0.85	12.8		142	6¾	6⅝	6⅝	-⅛
13¾	11¼	Zero Corp	0.40	3.4	18	177	11⅞	11¾	11¾	
38	32⅝	Zurn Ind	0.88	2.6	14	116	33¾	33¾	33¾	
14⅛	12¾	Zweig Fund	1.16	8.9		203	13	12⅞	13	+⅛
11	9⅞	Zweig Total	1.00	9.6		521	10½	10⅜	10½	+⅛

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices April 29

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Olsten	0.24	33	132	31⅞	31½	31½	-¼
OMI Corp	0.14	7	76	6¾	6½	6⅝	
Pall Corp x	0.36	28	1018	27⅞	26⅝	27	+⅜
Pegasus G	0.10	31	105	11½	d11⅜	11½	-⅛
Perini		49	27	13½	13¼	13½	+⅛
Pat H&SP	0.31	9	60	11⅜	11⅜	11⅜	-⅛

NASDAQ NATIONAL MARKET

4:00 pm prices April 29

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]		29	1973	26¼	24¾	26¼	+1¾
Xoma Corp		8	9045	14	13½	14	+½
Yellow Fr	0.84	24	2048	30½	29⅝	30¼	-¼
York Rsch		39	774	5	4⅝	4¾	-¼
ZionsUtah	1.44	10	140	52¼	49¾	50½	

AMERICA

Big three car stocks help Dow advance

Wall Street

A STRONG performance from the big three US auto makers contributed to solid gains on Wall Street yesterday, *writes Karen Zagor in New York*.

The Dow Jones Industrial Average blue chip indicator finished 25.26 ahead at 3,333.18 following moderate volume on the New York SE totalling 213.6m shares. Advancing issues led those declining by 1,083 to 610.

Among other market indices, the Standard & Poor's 500 registered a rise of 2.91 at 412.02. The advance was more pronounced in the secondary market, where the Nasdaq composite of over-the-counter stocks climbed 9.61 to 569.94.

Although there were some economic data to digest in the form of personal income and spending for March, the stock market focused on corporate news. There was no discernible reaction to the 0.6 per cent increase in personal income in the month or the 0.3 per cent rise in personal consumption expenditures.

Motor company stocks dominated big board trading on the back of encouraging first-quarter results, with General Motors moving ahead $2⅛ to $42⅝, Chrysler adding $⅝ at $19⅞ and Ford rising $2 to $45¾.

Ford reported first-quarter earnings of 60 cents a share, including a special gain of 13 cents, against a loss of $1.88 the previous year. On Tuesday, GM turned in its first quarterly profit in 1½ years thanks to a smaller loss from its core North American vehicle business.

Among other active blue chip issues, Pepsico appreciated $¾ to $35½ on top of its Tuesday $1 gain, Boeing slipped $½ to $43⅞ and Glaxo eased $¼ to $25⅝.

Eastman Kodak, which unveiled a 19 per cent drop in first-quarter profits on flat sales after the close of trading on Tuesday, moved forward $1¼ to $40.

The photographic equipment maker warned Wall Street in March that it would have a difficult first quarter.

Cooper Industries fell $1⅝ to $50¼ after Salomon cut its investment rating on the stock and reduced its earnings estimates for the company.

Exxon held steady at $59¼ after the company increased its quarterly dividend to 72 cents a share from 67 cents. Bethlehem Steel improved $¼ to $14 in spite of once more omitting its dividend.

Delta Air Lines put on $⅜ to $59⅜ after the big US airline said it had trimmed $5bn from its nine-year capital spending plan. AMR, parent of American Airlines, lost $¾ to $66½ and USAir rose $⅜ to $13¾.

Among actively-traded over-the-counter stocks, Microsoft rose $2⅝ to $111⅝, Dell Computer eased $⅛ to $23½ and Intel added $1⅜ at $52⅛.

Canada

TORONTO blue chips gained ground but the broad market ended on a mixed note. Traders said the Ontario budget, due to be released after the market closes today, was putting a damper on equities. The market is expecting tax rises and a record deficit.

The composite index ended 19.1 up at 3,357.0, but declines led rises by 278 to 262. Volume amounted to 23.3m shares.

Imasco reported higher first-quarter earnings and said analysts are on track with estimates for 1992 net of C$2.95 to C$3.05 a share, compared with 1991 net of C$2.56. The stock was up C$1 to C$37.

Biochem Pharma plunged C$5⅝ to C$17⅝ on the Montreal Exchange. The company said it was not aware of any reason for the decline, and said it intends to proceed with an issue of up to 3.5m common shares in late May.

Escudo's ERM entry lifts Portuguese shares

Interest rate cuts also bring relief, though exporters may have problems, writes Patrick Blum

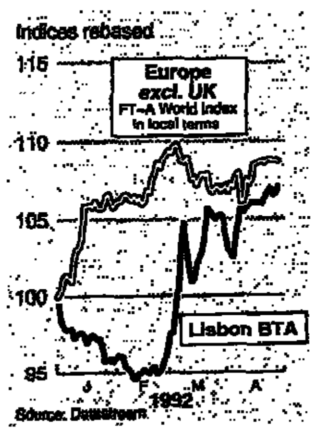
Portuguese stocks were given a welcome boost by the escudo's entry into the European exchange rate mechanism (ERM) on Monday, April 6, but after the initial excitement the market has stabilised at higher levels.

The announcement was made late on the previous Friday, and by the close on the following Monday, the Banco Totta & Acores (BTA) index had risen by 26.2 to 2,052.5 – a gain of 1.3 per cent, compared with the 2.5 per cent advance made since the beginning of the year. The market has since benefited from renewed foreign investor interest, and the BTA index closed at 2,121.6, up 4.7, yesterday.

Shares gained at the expense of government securities – receiving additional help from the Bank of Portugal's decision the same week to cut its two key interest rates. The bank reduced the top rate, at which it injects liquidity into the money market, by a full point to 17.9375 per cent, and the rate at which it drains liquidity from the market by ¼ percentage point to 15.375 per cent.

The ensuing cut in rates by commercial banks has given some relief to Portuguese companies, which have complained loudly that they were being penalised by high domestic interest rates in the face of foreign competition. This is especially true of the construction sector, which labours under high indebtedness.

For exporters, however, the escudo's ERM membership could cause some problems, as they will no longer be able to profit from the currency's depreciation. "In the short term they will have to cut prices or face the prospect of



losing markets, because the alternative of increasing productivity is difficult and takes a long time," says one analyst.

Lower interest rates at a time of rising costs are expected to erode profit margins in the banking sector. "Margins are coming down fast and costs going up," says another analyst. "This will show in this year's annual accounts, and especially next year's."

Government securities have reacted more calmly. Many traditional investors in Portuguese state paper had to some extent anticipated the decline in interest rates, so there was no rush to buy. The escudo had been shadowing the ERM basket of currencies for some time, and entry formally anchored it to the system, though at a higher rate than the government had wanted.

Most analysts, however, have welcomed the move. "It will give greater security to foreign investors by reducing the risk of foreign exchange losses," says an analyst with Gestifundo, the fund manager.

Further cuts in interest rates will depend on reducing inflation. Reversing a trend of several months, prices rose by 0.9 per cent in March, bringing the year-on-year rate to 8.5 per cent. Prices are expected to rise again in April when the one-off effect of a new value added tax, introduced at the end of March, is fully felt.

Economists hope that if inflation resumes its downward trend in the next two months, as is officially hoped, further interest rate cuts are likely. But Mr Miguel Beleza, who takes over as central bank governor in May, is by nature cautious and unlikely to take any precipitate action.

Many company results for 1991 have now been published, and as expected, earnings have fallen. The appreciation of the escudo in real terms and high interest rates are mostly to blame, while restructuring costs have been an additional burden for some companies. Recession in large international markets impaired the performance of exporters.

The government has resumed its privatisation programme, but the results have been disappointing as far as the market is concerned. The partial privatisation of Petrogal, the big oil group, found only one taker – a consortium led by Total, of France, with Portuguese partners. This month's public flotation of insurance concern Mundial Confianca failed to attract enough investors and 35 per cent of the company's equity remained with underwriters.

Small investors stayed away, confirming that, short of the prospect of a quick gain, most Portuguese prefer to hang on to their savings.

Turkey aims for higher success rate

By Antonia Sharpe

TURKEY IS taking steps to ensure a higher success rate in its privatisation programme. In May, the government plans to offer to the public all or part of its 49 per cent stake in Netaş, the telecommunications company, and further sales are expected over the summer.

Mr Ustün Sanver, chairman of the Prime Ministry Public Participation Administration (PPA), told fund managers in London yesterday that the PPA intends to avoid the supply/demand imbalances created by past privatisations through the use of underwriters, and if necessary, by cancelling sales if investor interest is too low.

In response to foreign investors' complaints of a lack of liquidity in privatised stocks, as well as inadequate prospectuses, Mr Sanver said that the PPA is prepared to provide stock directly to investors if none is available in the stock market, and that documentation on future privatisations will be upgraded.

EUROPE

Paris stands out in eventful day's trading

Trading was eventful on the continent yesterday, *writes Our Markets Staff*.

PARIS was boosted to its highest close since June 1990 by options-related buying. The CAC-40 index closed just off the day's high at 2,036.72, up 30.10, in heavy turnover of FFr3.8bn.

Paribas added another FFr10 to FFr429; after the close it announced the sale of a 54.7 per cent stake in Ciments Français to Italcementi for FFr3bn. Axa, which owns less than 10 per cent of Paribas, jumped FFr43 to FFr1,017 with a large 152,690 shares traded. Analysts said the stock was rising on hopes that Equitable Life in the US would be able to proceed with its demutualisation plans and on rumours that it was preparing for an ADR issue.

Eurotunnel bounced back FFr2.45 or 6.9 per cent to FFr37.90 in 1.6m shares in the wake of its recent underperformance.

Schneider, which announced plans to buy in Merlin Gerin after the close on Tuesday, eased FFr6 to FFr709.

FRANKFURT concentrated on the chemical and car sectors. There was some satisfaction with the lower inflation figures for the state Hesse. The data for western Germany are due today or Monday. The DAX index shed 0.4 to 1,735.91 while the FAZ index fell 3.24 at 703.09. Turnover rose to DM6bn from DM5.4bn.

Bayer and Basf reported first quarter figures. Bayer rose DM6.20 or 2.2 per cent to DM294.50 after announcing a 7 per cent fall in the first three months. Basf added DM1 to DM249.30 after news of a 25 per cent decline in the same period. Hoechst, ex-dividend, rose a net 90 pfg to DM246.20.

Daimler gained DM3.50 to DM785 after announcing that it was to increase its dividend by DM1 to DM13, but it did not confirm a report of a 1991 EPS of DM55, 10 per cent above previous forecasts.

Linotype-Hell closed DM4 higher at DM420 after rumours that Siemens was to increase its 33 per cent stake.

MILAN was led lower by telecoms and banks. The Comit index fell 4.92 to 503.66 in turnover estimated at L80bn after Tuesday's L104.9bn.

Olivetti bucked the easier trend, adding L31 to L2,819, while pleasing 1991 results pushed Eridania up by L85 to L7,185.

Telecommunications continued to drop, though analysts were unable to give a reason for the sector's recent decline. Stet eased L34 to L2,021. The banking sector was depressed by news that Banca Commerciale might need a capital increase next year. It fell L50 or 1.4 per cent to L3,420.

The suspension of Italmobiliare and Italcementi fanned speculation, confirmed after the close, that the group was poised to buy all or part of Paribas's stake in Ciments Français. Analysts welcomed the deal, in spite of Italcementi needing a capital increase to finance the deal, since it elevated Italcementi to the world's second largest cement producer after Holderbank of Switzerland.

ZURICH was lifted by Nestlé after it announced a 10-for-one share split and plans to convert its non-voting participation certificates into registered shares next year. The SMI index rose 14.7 to 1,874.2.

Nestlé bearers gained SFr180 or 1.8 per cent to SFr9,770, its registered shares put on SFr160 to SFr9,740 and its certificates rose SFr60 to SFr1,910.

STOCKHOLM firmed as late buying helped to reverse an early fall. The Affärsvärlden general index added 1.3 to 980.9, in moderate turnover of SKr430m after SKr496m.

Volvo, the session's most active stock, fell on fears of changes in the proposed merger with Procordia. Volvo B shares fell SKr7 to SKr438 the A share shed SKr10 to SKr435. But Procordia B jumped SKr5 to SKr193.

AMSTERDAM was firmer with the CBS Tendency index up 0.5 at 128.6.

Akzo gained Fl 4.90 or 3 per cent to Fl 161 after reporting a 7 per cent increase in first quarter net profit. Philips, which launched its new interactive CD player in the UK on Tuesday, put on 70 cents to Fl 37.90.

OSLO was boosted by first quarter results from Norsk Hydro and Elkem. The all-share index rose 5.80 to 430.83 in turnover of NKr451m.

HELSINKI weakened in spite of news that stamp duty of 1 per cent on share transactions would be removed from May 1. The HEX index fell 1.36 to 817.39.

ISTANBUL recovered slightly after closing at a seven-week low on Tuesday. The index rose 11.86 to 3,691.81.

FT-SE Eurotrack 100 - Apr 29

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1173.30	1173.63	1172.34	1173.21	1174.76	1175.00	1175.31	1174.59

Day's High 1175.99 Day's Low 1172.16

Apr 28	Apr 27	Apr 24	Apr 23	Apr 22
1169.61	1169.59	1167.02	1169.11	1171.34

Base value 1000 (26/10/90).

ASIA PACIFIC

Hong Kong lower after eight-day rally

PACIFIC RIM markets lacked direction yesterday as Tokyo was closed for a public holiday. Australia finished at a two-month high.

HONG KONG had an eight-day rally brought to an end as the Hang Seng index retreated 60.98, or 1.1 per cent, to 5,362.41. Turnover eased to HK$2.93bn from HK$3.16bn.

The index dropped 50 points in the first 15 minutes on rumours that HSBC Holdings was to increase its £3.3bn bid for Midland Bank, of the UK, in response to the rival offer by Lloyds Bank. HSBC finished 75 cents cheaper at HK$42.00.

Utilities relinquished some ground. China Light declined 75 cents to HK$33, Hong Kong Electric weakened 40 cents to HK$16.70 and Hong Kong Telecom slipped 10 cents to HK$9.25.

Property shares were also depressed, with Hong Kong Land softening 10 cents to HK$10.60.

AUSTRALIA was boosted by lower than expected inflation figures. The All Ordinaries index moved ahead 24.1 to 1,629.8 in turnover of A$257.1m.

The data, which put annual inflation at 1.7 per cent, are expected to give the government scope to cut interest rates next month.

Banks were strong, Westpac and ANZ rising 12 cents to A$3.98 and A$4.36 respectively.

CRA put on 26 cents to A$14.06 after announcing that 1992 profits would match last year's. Western Mining gained 12 cents to A$3.98 as the end to an industrial dispute at one of its mines seemed in sight.

SEOUL strengthened, with large-capitalisation issues being actively traded. The composite index climbed 15.48 to 612.72 in turnover of Won387.3bn, after Won394.8bn.

Expectations of an improvement in economic relations between North and South Korea gave a boost to Daewoo group subsidiaries, which stand to benefit. Daewoo Corp and Daewoo Electronics both rose by Won600 to Won11,700 and Won10,600 respectively.

TAIWAN reversed early gains to close mildly lower. The weighted index lost 10.76 at 4,513.19, after recording an intraday high of 4,557.93. Turnover was T$21.45bn, after T$24.3bn.

Concern that the US would place Taiwan on its "priority watch list" of nations violating intellectual property laws depressed sentiment. The list was due to be announced after the market closed.

MANILA gained ground. The composite index rose 16.76 to 1,228.24 in combined turnover of 333.47m pesos.

Philippine Long Distance Telephone put on 25 pesos to 955 pesos, while Philippine National Bank gained 2.50 pesos to 282.50 pesos.

KUALA LUMPUR was quiet. The composite index edged forward 1.50 to 585.12 in turnover of M$85.4m.

Telekom Malaysia, Tanjong and Magnum firmed 10 cents apiece to M$11.90, M$11.50 and M$5.85 respectively.

SINGAPORE rose afresh on bargain hunting. The Straits Times Industrial index appreciated 10.32 to 1,436.96 in turnover of S$135.1m, after S$101m.

BANGKOK declined amid investor worries about political uncertainty. The SET index lost 11.21 to 756.90 in turnover of Bt3.33bn.

Bangkok Bank shed Bt12 to Bt668 and Siam City Cement Bt2 to Bt118, but Siam Cement gained Bt6 to Bt536.

BOMBAY fell for the second consecutive day. The BSE index finished 222.49, or 5.71 per cent, weaker at 3,674.41, but was off the day's low of 3,611.11.

NEW ZEALAND closed lower. The NZSE-40 index slipped 11.39 to 1,435.76 in turnover of NZ$21m.

Among blue chips, Telecom eased 4 cents to NZ$2.04, Carter Holt Harvey was 2 cents down at NZ$2.52 and Brierley Investments lost 1 cent to 91 cents.

SOUTH AFRICA

JOHANNESBURG was lifted by positive political and economic factors. The industrial index advanced 40 to 4,292 while the overall index rose 25 to 3,429. However, the gold index fell 18 to 1,010. De Beers gained R1.65 to R86.15.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 29 1992								TUESDAY APRIL 28 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	146.38	+2.2	124.25	125.17	127.79	129.97	+1.7	4.24	145.23	121.30	122.33	125.00	127.79	153.69	140.94	144.82
Austria (19)	164.42	−0.5	137.68	138.70	141.60	141.62	−0.4	2.05	165.26	138.04	139.20	142.24	142.17	186.70	162.62	201.36
Belgium (46)	138.18	−0.4	115.71	116.55	119.00	116.20	−0.3	5.23	138.60	115.83	116.90	119.48	116.55	145.19	135.87	137.99
Canada (115)	126.71	+0.8	106.10	106.88	109.12	109.55	+0.7	3.35	125.69	104.98	105.86	108.17	108.80	142.12	125.60	138.47
Denmark (35)	229.75	+0.0	192.39	193.81	197.86	200.30	+0.1	1.85	229.67	191.84	193.45	197.68	200.07	273.94	226.81	236.56
Finland (15)	77.40	+0.4	64.81	65.29	66.66	73.07	+0.2	2.04	77.08	64.38	64.92	66.34	72.93	89.80	73.64	113.53
France (106)	160.69	+1.3	134.56	135.54	138.37	140.78	+1.4	3.34	158.60	132.47	133.58	136.49	138.88	160.69	148.06	135.94
Germany (65)	117.56	−0.6	98.45	99.18	101.24	101.24	−0.5	2.28	118.24	98.76	99.61	101.77	101.77	122.84	114.67	111.10
Hong Kong (55)	222.04	−1.2	185.93	187.30	191.23	221.09	−1.1	3.68	224.67	187.66	189.24	193.38	223.53	224.67	176.36	149.70
Ireland (16)	162.69	−0.3	136.23	137.24	140.11	142.25	−0.2	3.72	163.14	136.26	137.41	140.41	142.51	173.71	151.78	159.64
Italy (78)	70.85	−0.9	59.33	59.76	61.01	65.93	−0.8	3.49	71.48	59.70	60.20	61.52	66.45	80.86	68.92	77.59
Japan (473)	97.61	−0.1	81.74	82.34	84.07	82.34	+0.0	1.04	97.75	81.65	82.34	84.15	82.34	140.95	88.70	141.50
Malaysia (68)	237.42	+0.4	198.81	200.27	204.46	230.84	+0.0	2.79	236.37	197.43	199.08	203.43	230.77	250.18	212.49	234.09
Mexico (18)	1654.78	−2.0	1385.69	1395.90	1425.11	5572.49	−1.9	1.05	1687.93	1409.87	1421.74	1452.79	5683.21	1789.77	1376.91	878.88
Netherland (25)	155.21	+0.2	129.97	130.93	133.67	132.04	+0.2	4.23	154.96	129.43	130.52	133.38	131.76	156.48	147.88	141.98
New Zealand (14)	43.62	−0.4	36.52	36.80	37.57	42.95	−0.7	6.42	43.80	36.59	36.90	37.70	43.23	48.52	42.01	49.93
Norway (23)	174.83	+1.9	146.40	147.48	150.57	153.54	+1.9	1.68	171.64	143.37	144.58	147.74	150.62	192.95	161.26	190.84
Singapore (38)	209.49	+1.1	175.42	176.72	180.41	159.68	+1.1	2.04	207.19	173.06	174.52	178.33	157.97	228.43	192.76	205.15
South Africa (61)	226.11	+1.0	189.34	190.73	194.72	171.81	+1.0	2.95	223.83	186.96	188.53	192.65	170.18	263.60	203.16	208.11
Spain (50)	148.26	+0.0	124.15	125.07	127.68	116.75	+0.1	5.19	148.33	123.89	124.94	127.66	116.64	160.47	146.86	156.43
Sweden (25)	183.19	−0.1	153.40	154.54	157.77	162.17	+0.0	2.79	183.31	153.11	154.41	157.78	162.15	190.37	173.09	178.86
Switzerland (59)	99.97	+0.6	83.71	84.34	86.11	94.24	+0.8	2.27	99.38	83.01	83.71	85.54	93.46	104.22	95.99	93.78
United Kingdom (226)	189.45	+0.2	158.64	159.79	163.14	158.64	+0.5	4.66	189.01	157.87	159.19	162.66	157.87	190.06	165.85	173.66
USA (522)	167.89	+0.8	140.59	141.63	144.59	167.89	+0.8	2.95	166.64	139.19	140.36	143.43	166.64	171.66	160.92	154.05
Europe (790)	149.15	+0.2	124.89	125.82	128.45	127.55	+0.3	3.85	148.88	124.35	125.40	128.14	127.11	150.58	139.31	139.60
Nordic (98)	171.91	+0.2	143.96	145.02	148.05	145.75	+0.3	2.23	171.55	143.29	144.50	147.65	145.33	188.52	169.66	176.77
Pacific Basin (717)	103.62	−0.1	86.77	87.42	89.24	87.91	+0.0	1.43	103.69	86.61	87.34	89.24	87.88	141.97	94.40	141.60
Euro – Pacific (1507)	122.03	+0.1	102.19	102.93	105.09	104.26	+0.2	2.61	121.96	101.87	102.72	104.97	104.07	145.21	113.80	141.13
North America (637)	165.30	+0.8	138.42	139.46	142.39	163.92	+0.7	2.97	164.07	137.04	138.21	141.24	162.70	169.69	158.70	153.00
Europe Ex. UK (562)	125.20	+0.1	104.84	105.64	107.85	109.61	+0.2	3.22	125.02	104.42	105.32	107.63	109.35	129.79	121.81	118.95
Pacific Ex. Japan (244)	162.88	+0.5	136.39	137.42	140.29	145.02	+0.3	3.76	162.13	135.42	136.58	139.56	144.64	162.88	149.00	141.79
World Ex. US (1701)	124.34	+0.1	104.12	104.90	107.09	106.46	+0.2	2.63	124.24	103.78	104.66	106.94	106.25	146.91	116.45	142.11
World Ex. UK (1995)	133.25	+0.4	111.58	112.41	114.77	122.04	+0.4	2.51	132.76	110.89	111.83	114.27	121.53	150.58	127.21	142.29
World Ex. So. Af. (2162)	137.53	+0.3	115.16	116.02	118.45	125.03	+0.4	2.76	137.05	114.47	115.45	117.97	124.51	153.05	130.04	144.69
World Ex. Japan (1750)	160.71	+0.5	134.57	135.58	138.42	150.23	+0.6	3.31	159.88	133.54	134.68	137.83	149.39	161.90	153.20	148.35
The World Index (2223)	138.09	+0.4	115.64	116.49	118.94	125.45	+0.4	2.76	137.60	114.94	115.91	118.44	124.92	153.70	130.66	145.06

Japanese market closed April 29.

هكذا في الأصل